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SESSION 1943

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HOUSE OF COMMONS

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SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

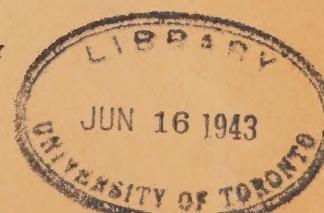
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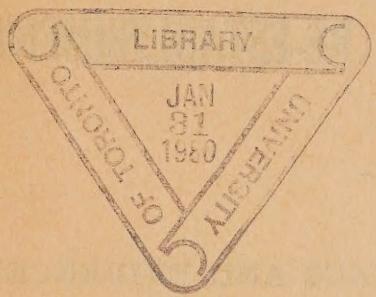
THURSDAY, JUNE 10, 1943

WITNESS:

Walter S. Woods, Associate Deputy Minister, Department of Pensions
and National Health

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943





MINUTES OF PROCEEDINGS

THURSDAY, June 10, 1943.

The Special Committee on Reconstruction and Re-establishment met at 11.05 o'clock a.m., the Chairman, Mr. J. G. Turgeon, presiding.

Members present: Messrs. Bence, Bertrand (*Prescott*), Black (*Cumberland*), Castleden, Dupuis, Hill, MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), McNiven, Marshall, Martin, Matthews, Nielsen (Mrs.), Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon.

In attendance: Mr. Walter S. Woods, Associate Deputy Minister, Department of Pensions and National Health.

Mr. Woods was called, heard and questioned.

Mr. Woods furnished the members of the committee with copies of "The Post-Discharge Re-establishment Order", P.C. 7633 of October 1, 1941, as amended by P.C. 2/3241 of April 20, 1943; and with copies of a pamphlet issued by the Department, "Rehabilitation Benefits for Sailors, Soldiers and Airmen after their Discharge from the Services".

At 12.45 o'clock p.m. the committee adjourned to meet again at 10.30 a.m., Friday, June 11, 1943.

A. L. BURGESS
Acting Clerk of the Committee

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 10, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 11:00 o'clock a.m. The Chairman, Mr. J. C. Turgeon, presided.

The CHAIRMAN: Gentlemen, we are to-day entering into, perhaps, what is after all the very heart of the work which is the responsibility of this committee; that is, thoughts concerning the members of the armed forces and what sort of lives they are going to lead when they come back to civil life after demobilization. Our witness to-day you know very well. He is Mr. Walter Woods, the Associate Deputy Minister of Pensions. And we have with us, first, the Minister of Pensions and National Health, who has always taken an extreme interest in this committee; but he is particularly interested to-day because of the nature of the work coming before us. Without any further introduction I will call Mr. Woods.

Mr. W. S. Woods, Associate Deputy Minister of Pensions, called.

Mr. BLACK: Before you call upon Mr. Woods. I wonder if this committee at some later time could fix a date when they could discuss a recommendation to extend the scope of the Prairie Farm Rehabilitation Act so as to include the marsh lands and perhaps other matters affecting other parts of Canada. I do not ask that that be done now, but I think it is very important that it be dealt with. If these lands are to be reclaimed and made available for re-establishment subsequent of the war it is very important that plans should be made and some work done in that regard at an early date.

The CHAIRMAN: As a matter of fact, the steering committee met a few days ago and made certain recommendations or prepared certain recommendations to be submitted to this committee. I had thought that they would be made at the meeting to-day but Mr. McNiven, who was preparing the submission of the steering committee, did not have time to get them in proper order, so we will have to wait for another meeting. That was one of the suggestions, and it will be dealt with I hope some day next week.

Mr. BLACK: I wish also to point out that there are delegations who are anxious to come to Ottawa to press their views with respect to the recommendations concerning these marsh lands. Mr. Emmerson, other maritime members, and myself have suggested to these delegations that they postpone their visit until after this committee has had an opportunity of considering the widening of the scope of its reference.

The CHAIRMAN: Now then, we will call upon Mr. Woods:

The WITNESS: Thank you, Mr. Chairman.

"Mr. Chairman and gentlemen—This committee, I believe is fairly familiar wth Canada's program for the rehabilitation of the men and women now serving in our armed forces. The Hon. Mr. Ian Mackenzie, Minister of Pensions and National Health, has already made a comprehensive statement on the matter before this committee and several of the members of this committee have made their contribution on other committees to rehabilitation legislation, such as the Veteran's Land Act, the reinstatement in Civil Employment Act, the Vocational Training Coordination Act, and revision of the Pension Act.

The minister pointed out in his statement that preference in the civil service to veterans serving in the present war, similar to that which has obtained for many years for veterans of the great war, has been provided by order in council.

The most important rehabilitation measure, and in fact the cornerstone of the whole rehabilitation program, however, is the Post Discharge Re-establishment Order, P.C. 7633, which was enacted in 1941. This order has recently been amended by embodying some rather important changes, and it is with respect to this that I welcome the opportunity of placing on the record what has taken place in that regard.

The Post Discharge Re-establishment Order is the result of consideration by a number of subcommittees operating under the general advisory committee on demobilization and rehabilitation. The executive secretary of that committee, Mr. Robert England, is with me this morning. The General Advisory Committee reports to a committee of the Cabinet under the Hon. Mr. Mackenzie. This Order is the most far-reaching piece of rehabilitation legislation in existence anywhere. Its benefits are sixfold:—

1. It provides an opportunity for any member of the forces, man or woman, to learn a trade or take a brush-up course in a skill they already possess.

2. It makes provision for those whose education was interrupted in university to resume their course and with respect to those who are able to attain entry to a university within 15 months after their discharge to be given assistance in university including maintenance and tuition fees for a period equivalent to the length of their service and, in fact, if at the end of that time it is considered to be in their interests and in the interest of the state, their assistance can be continued until they attain their degree; provision is also made for post-graduate courses if in the public interest.

3. It makes provision for assistance in the way of maintenance grants to those who are engaged in business enterprise on their own including farming, pending the time when returns come in adequate to their needs.

4. It makes provision for maintenance grants to those who are temporarily incapacitated from work.

5. It makes provision for out of work benefits for those who are capable of working but for whom no work is available, and

6. It makes provision for giving credit to those who, upon discharge enter insurable employment for the time they have spent in the service since July 1, 1941, the date the Unemployment Insurance Act became effective.

This means in effect that any boy or girl who enters insurable employment upon discharge from the armed forces, if they have spent two years in the services since the Unemployment Insurance Act became effective, upon entering insurable employment after discharge, the Department of Pensions and National Health, pays the premium for the time they were in the service of the armed forces both of employer and the employee.

It is, in short, an order providing opportunity and security for all during what may be termed the demobilization period. With the exception of grants paid to those attending university, the period for which these benefits and grants may be paid is governed by the length of service of the recipient with a maximum of 12 months. There is no such maximum with respect to those who are attending university.

Because the order is closely related to Canada's Unemployment Insurance Act, the benefits payable thereunder are, in the case of married men, the highest

or maximum benefits payable under the Unemployment Insurance Act, namely, \$14.40 per week or \$62.40 per month for man and wife. This represents a recent increase from \$13 per week. In the case of a single man the benefits are \$10.20 per week which has recently been increased from \$9 per week, or \$44.20 per month; this is the second highest scale under the Unemployment Insurance Act.

Formerly this Post Discharge Order did not make provision for the maintenance of children. By the recent amendment children are now provided for on the same scale as that used by the Dependents' Allowance Board, namely, \$12 per month for the first child, \$12 for the second child, \$10 for the third, and \$8 for each child thereafter up to a maximum of six children. A married man while taking training or in university, or while unemployed, or temporarily incapacitated, may now receive for himself and three children \$96.40 per month, or for himself, wife and six children \$120.40 per month. Provision has also been made for a dependent parent wholly or mainly maintained by the dischargee at \$15 per month.

In order to encourage the disabled man to improve his earning capacity, provision has been made for pensioners while taking training to enjoy a somewhat increased standard of living than that available to the fit man. The rates I have been quoting here are the rates for the man who has no disability from his service. In the case of a 5 per cent or 10 per cent pensioner he is paid the scale of benefits or grants to which I have referred, in addition to his pension. In the case of pensioners who are pensioned for a disability of from 15 per cent to 55 per cent, their pension is augmented by the training grant up to the sum of \$55 per month in the case of a single man and \$75 per month in the case of a married man, in addition to allowances for dependent parent or children. In the case of pensioners with a disability of from 60 per cent upwards, in addition to his pension he is paid a grant equivalent to 25 per cent of the pension he receives plus allowances for children. Thus a 100 per cent pensioner may receive for himself and wife \$125 per month, and for himself, wife, and three children, \$162 per month. There is a tendency for pensioners with a high degree of disability to rely upon their pension for their maintenance, and this scale of benefits was enacted with a view to encouraging such pensioners to equip themselves with a skill or to complete their education so that they may achieve the maximum income for themselves and their families which useful employment will bring to them.

A comparison is invited between this rehabilitation programme and the programme followed at the conclusion of the great war. Following the great war vocational training was confined to those who had been disabled as a result of which they were unable to follow their previous occupation. Boys who joined the army under age to the number of approximately 8,000 were also provided for. Because of the restriction confining vocational training to these two groups 43,000 completed training courses at an approximate cost of \$1,000 each. This represented only 8 per cent of those who served. A further 4 per cent were settled on the land. The remaining 88 per cent of those who served were given a war service gratuity comprising from three to six months' pay, depending on their length of service at the rate of \$70 and \$100 per month for single and married men respectively. This means that almost 90 per cent of the forces looked after their own rehabilitation with the assistance of a cash grant. This time the opportunity to learn a trade or to complete one's education is available to all who serve, and provision is also made for men in the merchant service who are pensioned for a disability which precludes their continuing to follow the sea to take a course in vocational training in some other trade.

Another important change has just been enacted in our treatment regulations. Hospital treatment for any remediable disability as a rehabilitation measure is available with few exceptions to all who served and who need hospital treatment within twelve months after their discharge for conditions not related

to their service. For conditions incurred as a result of service hospital treatment with allowances has always been available at any time, but reference is now made to those conditions which are not related to service. Heretofore this free treatment was not accompanied by living allowances, so that many men who needed it and who could otherwise have availed themselves of the treatment facilities failed to do so for lack of provision for their families. Provision has now been made by the recent amendment to which I have referred for free treatment with hospitalization to all those who serve for a period equivalent to their service with a maximum of twelve months. The scale of allowances is the same as the revised scale under the post discharge order to which I have referred.

Further improvements have been made by the recent amendment to the Post Discharge Re-establishment Order, enabling us to pay a supplementary allowance to married men taking training if the training facilities are at such distance that they must pay board in order to attend the course. Provision has also been made for transportation expenses for men who come in and return from training courses, or if living within commuting distance to commute to and fro while training.

Provision is also being made for the establishment of reconditioning centres near a number of our large hospitals so that men who are not rallying under treatment to the extent that they should, or who are problem cases or suffering from neurosis may be taken away from the hospital atmosphere where they are surrounded by other sufferers, to go to a centre where light outdoor exercise is available to them whilst they recover from their sickness of mind or body. These centres will not be hospitals although they will be under medical supervision. They will not be work centres although a choice of light occupations will be available. They will be encouraged to develop their choice—working in the garden, helping to landscape the centre, working at a carpenter's bench, perhaps in the orchard or with livestock, or simple electrical work or handicrafts, and so forth. The scientific theory is that through an activity of his own choice in a healthy environment away from the atmosphere of badly injured people, these men can be rehabilitated and become useful citizens once more. Skilful supervision will help them in deciding for themselves what they should do for the future.

A study has been going on for sometime within the department on the problem of the severely disabled man in his rehabilitation into industry. We have satisfied ourselves and actual experience shows that a disabled man need not of necessity be handicapped in earning his living provided that care is taken in selecting for him a position that is suited to his disability. There is no reason why a man who has lost one arm, or one leg, or one eye cannot render just as useful service in industry as a man with two arms, or two legs, or two eyes provided only one arm, or one leg, or one eye is necessary to perform the task to which he is assigned. Several large industries who have maintained records on the attendance of disabled employees as compared with fit employees have found, in fact, that the man hours lost due to sickness, accident, personal reasons, and so forth, by the handicapped employees is appreciably less than the man hours lost by the fit employees. So that the disabled man is a better risk in industry provided scientific selection is made of the job to which he is assigned.

It has long been recognized that government facilities of themselves are not enough to secure successful rehabilitation in civil life of all those who served in the forces or to meet all the problems which they will encounter upon discharge. The Kiwanis international organization has accepted as an objective the furnishing of the personal service that is necessary to study the cases of severely disabled men in collaboration with personnel managers with a view to providing the personal interest that is necessary in the individual case to get each man established in a position adjusted to his disability.

Business men's committees have been established in over 100 centres throughout the dominion to cooperate with the rehabilitation authorities with a view to creating a preference on the part of the employers for those who have served the state in its time of need, particularly those who have served overseas. These overseas men have imposed upon themselves certain economic handicaps by their service. I refer first to the handicap of being last to be demobilized. The first to be demobilized will be the million men and women—I am speaking in round figures; it is frequently referred to as up to a million and a half—engaged in munitions work; they will reach the labour market first. The next, in all probability, will be the men and women with short service in the forces in Canada. I question the wisdom of retaining these people in the service and creating a rehabilitation problem thereby until all overseas men have been returned; they should get back to their jobs as soon as possible. The men then who have given the most may enter the labour market last and this may well present a handicap in their re-establishment. Another handicap lies in the fact that during their absence many thousands of temporary employees have been engaged by our large railway systems and by large industries that have agreements providing seniority rights. I am not disparaging the preservation of seniority rights—I believe in this principle; it will protect many service men who left employment to serve—but what about the boy who went overseas in 1939 direct from school who had no opportunity to earn seniority rights. He has no former position to which to return and he will be handicapped by reason of all those who, during his absence, entered the employment of railways and large industries and earned seniority rights ahead of him. It seems unfair that those who gave the most should be penalized the greatest, and as part of the solution for this it is suggested that all those employers who requisition help from the employment offices for free jobs that are not governed by a seniority agreement, express a definite preference for a service man or woman particularly one who has served overseas. It is believed the 100 business men's committees to which I have referred and which number is increasing daily can render invaluable service in this field.

I am hopeful that organized labour can cooperate in providing some solution that will offset these handicaps and would also like to see the employment service cooperate when referring men to jobs listed with them by giving preference, all things being equal, providing the discharged man has the skill, to those who have served overseas.

This situation could be corrected by compulsory legislation or it could be done in a voluntary way through cooperation between organized labour, the employment service, and employers. If this is a problem which your committee feels comes within its scope, I only wish to point out to you that the overseas boys themselves chose the voluntary way. When making a choice between compulsion and the voluntary way they chose the voluntary way.

The job ahead of us is full of pitfalls and difficulties despite our rehabilitation programme. It is one of tremendous proportions which will demand the support and aid of all groups both public and private which can contribute to its solution. For the meeting of this great challenge is essential to the well-being of all of us unless we are to be regimented for life. Private initiative and freedom to act will be restored by degrees as soon as the welfare of the community permits. If private initiative is completely restored in the post-war era and regimentation and control correspondingly withdrawn, then surely we have to rely on the good will of the community and of all branches of it in the rehabilitation of discharged men and women.

There are other matters which are still receiving consideration and for which I feel satisfied that a solution can be found if all those concerned approach it in the spirit of cooperation.

Mr. Chairman, I have referred to the recent changes in the Post Discharge Re-establishment Order, and in order to get those changes in their right perspective compared with what is being done in other countries I should like to place in the record a comparison of the out-of-work benefits and training benefits payable under our Post Discharge Re-establishment Order compared with those payable in Australia and New Zealand. A single man who is not disabled, who is not a pensioner, under the revised order receives \$10.20 a week. In Australia he receives \$8.95 a week. In New Zealand he receives \$12.57 a week. It is to be noted that is higher than the Canadian rate. However, when you come to man and wife the rate in Australia is \$12.89; the rate in New Zealand is \$16.11, and the rate in Canada is \$14.50. For man, wife and one child in Australia it is \$14.50; New Zealand, \$17.23 and in Canada \$17.17. We are beginning to catch up because our scale of benefits for children is much more generous. Let us take, for example, a man, wife and four children. In Australia the rate is \$19.33; in New Zealand it is \$20.46 and in Canada it is \$24.09. For a man, wife and six children in Australia it is \$22.55; in New Zealand it is \$21.54 and in Canada \$27.78. There is another and more significant difference and that is this, that our discharged men are protected against unemployment under the Post Discharge Re-establishment Order for a period equivalent to their length of service with a maximum of twelve months. In New Zealand and Australia one country is for three months and the other is for thirteen weeks. In other words, after three months they have exhausted their benefits. As a result of that, presuming a person was out of work all the time, the total benefits payable under the Australian scheme are \$116.35 in the case of a single man; under the New Zealand scheme the total benefits payable are \$163.41, and in Canada because we can carry them for fifty-two weeks the total benefits payable for a single man are \$531.40.

By Mr. Martin:

Q. Was a comparison made with the United States and with the United Kingdom?—A. In the United States it is decentralized and provision is made for the out of work by the state itself rather than the federal government. There is no national scheme. In Great Britain they fall into the pattern of social security that is available for all civilians. There is no special out of work provision for discharged men in Great Britain.

By Mr. Quelch:

Q. Are these figures based on the par value of currencies?—A. They are based on the rate of exchange we got from the Bank of Canada on June 1, the pound in each country.

By Mr. Castleden:

Q. That would not show its purchasing power?—A. No, the only thing I had to go by was the rate of exchange value of the pound. I would like to table that with the committee. That is all.

OUT OF WORK BENEFITS

	Single	Man and wife	Man, wife and 1	Man, wife and 2	Man, wife and 3	Man, wife and 4	Man, wife and 5	Man, wife and 6	Total benefits single	Total man, wife and 6	Max. period (weeks)
Australia	\$ 8.95	\$12.89	\$14.50	\$16.11	\$17.23	\$19.33	\$20.46	\$22.55	\$116.35	\$203.15	13
New Zealand	12.57	16.16	17.23	18.31	19.39	20.46	21.54	21.54	163.41	280.02	13
Canada	10.20	14.40	17.17	19.94	22.25	24.09	25.94	27.78	531.40	1,444.56	52

(Computed at present rates of Exchange)

The CHAIRMAN: There is great food for thought in what has been presented to us by Mr. Woods, perhaps particularly that which came toward the end of his statement, but that is a matter for you to decide when you ask your questions. I wish to tell you first that we are honoured to-day by having with us the secretary of the Canadian Legion, Mr. Herwig, and the secretary of the Army and Navy Veterans Association in Canada, Dr. Mellon, who are interested spectators of what is going on here to-day. Are there any questions?

By Mr. MacNicol:

Q. Did I understand that all returned soldiers who require hospitalization, whether pensioned or not, will receive it freely?—A. That is correct.

Q. Pensioners would, of course, but I understand now that non-pensioners will also receive free hospitalization?—A. They are protected if they need hospitalization for a period equivalent to the length of their service, with a maximum of twelve months.

Q. What does that include?—A. It includes the scale of allowances that I referred to for their families.

Q. Would it include operations in the hospital?—A. Yes.

Q. The great war veterans did not receive that. Will they now in turn be made eligible for the same benefits?—A. In the case of the great war veterans, men who had disabilities that had nothing to do with their service, when they came to the point of discharge were kept in the forces and not discharged until they had been repaired, and they did receive their army pay and allowances because discharge was retarded. The benefit of this provision is to cover any condition that crops up after discharge. In the case of a man who develops a rupture that has to be repaired or an acute appendix he can be brought into hospital. He is protected for a period equivalent to the time of his service, or one year.

Q. I have a case in mind where a returned soldier from the last war had been ruptured while in Germany but, of course, the doctors all know it is very hard to prove where the rupture occurred so he was turned down. I put him in the hospital myself and it cost me about \$485 to have his rupture attended to. The boys in the present war under a condition like that will receive all that free?—A. For a given period after their discharge.

Q. I do not see why we should not include the soldiers of the great war?—A. There has been available treatment facilities for soldiers from the great war.

Q. It cost me, as I say, \$485 to have this man repaired in the hospital. He could not get it.—A. I would like to look that case up.

The CHAIRMAN: You might let Mr. Woods have that case some time, Mr. MacNicol.

Mr. MACNICOL: What is Mr. Woods' address? I will be glad to do it.

The CHAIRMAN: Associate Deputy Minister of Pensions and National Health, Ottawa.

By Mr. McNiven:

Q. That privilege only extends for a period following his discharge equal to his length of service?—A. That is correct.

Q. With a maximum of twelve months?—A. That is for non-service conditions.

Q. Even under that regulation it would not be possible to bring in the veterans of the great war?—A. Except that for many years the department has been permitted, if they had bed space available, to admit men with outstanding active service for free remedial treatment without allowances.

Q. If within that period a man developed pneumonia he would be entitled to free medical care?—A. Yes.

By Mr. Martin:

Q. As you have said you have thought that priority quite properly should be accorded to men who volunteered for overseas duty and who were active in the performance of that assignment, but I do not understand what you said afterwards in respect of the period of demobilization. You mentioned that those who were in the armed services and had not left the country would be readily available for placement in the labour market, but how would you give priority to the men who were overseas?—A. I suggest that priority might be achieved through the voluntary way, through the medium of our business men's committees approaching employers and asking them to give preference, plus the dominion government employment service offices observing preference when referring men to jobs.

Q. In the case of men who have served six months have they not got that preference already under the law?—A. They have got preference in the civil service. All men in the service have preference in the civil service if they served overseas or are pensioners but there is no preference in the open labour market to those who served except under war contracts.

Q. And in respect of jobs that they were to return to?—A. They are covered in that respect by the Reinstatement Act. Any man who left a job and returns is protected, but the problem I have referred to is that of the youngsters who left school to enlist and who have no jobs to return to.

By Mr. McKinnon:

Q. Mr. Woods, in connection with return to a position a man has left to enlist for active service that, of course, is dependent on him being in physical condition to do that job?—A. Yes.

Q. Suppose he is not; is there any provision made?—A. There is an escape for the employer as to reinstating him if he is physically incapable of doing the job.

Q. Who is going to decide that?—A. The test will be in the courts if the employer disputes that.

Q. Will the individual have to apply to the courts?—A. No, the Labour Department act on his behalf.

Q. Then, suppose the court finds he is not in a physical condition to do the kind of job that he was doing prior to going overseas; he is automatically out then providing, of course, there is not something of an easier nature that his employer can fit him into?—A. Yes.

Q. What is his move after that?—A. Then he is our problem to rehabilitate. He is the responsibility of our department.

By Mrs. Nielsen:

Q. I was wondering about the case of a young woman whose husband was killed in the war and who would have a pension for herself and perhaps for a child or two; is there anything being done with regard to helping that mother with the education of her children as they grow older, such as high school or university education? Perhaps if the father had been living his income would have been such that the children would have had higher education, but if the woman is left alone on a pension it is more than she can do. Is there any scholarship or anything of that kind for the children?—A. There is no dominion government statutory provision but most of the provinces—I think you will recall your own province following the great war made provision for such children's education to be carried on.

Q. It would be very much better if it were done on a national scale. I believe in equality in these things rather than leaving it to the individual provinces. The provinces do not altogether agree. I would recommend that to you that it should be considered on a national scale.

By Mr. McNiven:

Q. Was there any disparity between the different provinces in the provision for children of veterans?—A. There was quite a difference in the various provinces, yes.

By Mr. Ross (Calgary):

Q. You spoke of provision being made for men who had enlisted in the forces being allowed to return to their jobs after the war is over. Does that extend to women, too?—A. Yes.

Q. You say that girls who leave employment to join the services can come back to their jobs again?—A. Yes, their job is protected. All these benefits are applicable to female as well as male members of the forces.

By Mr. Castleden:

Q. I was going to ask you, you have estimated there will be probably a million discharged from industry, and if that is so it is likely the returned men will face a very serious unemployment problem in this country. Has there been any estimate made taking the number in the army at the present time as to what it would cost to implement this program?—A. The future in that regard is so obscure for the reason it all depends on the post-war economy that is devised, and that is receiving consideration, as you gentlemen know, of other committees such as the one under the chairmanship of Principal James, the Economic Advisory Committee and this committee, but the success that attends the activities of these committees will determine the expenditure we will be faced with under the post-discharge re-establishment order.

Q. That is quite natural. Taking a situation similar to that which existed about 1939, if they return to that condition I would like to know whether any estimate has been made of the cost to the federal government?—A. No estimate has been made on the basis of 1939 conditions.

Hon. Mr. MACKENZIE: Except land settlement.

By Mr. McKinnon:

Q. Naturally your department is very much interested in the returned soldiers being placed in civil service positions?—A. Yes, sir.

Q. Under the law as it now stands our allies are also included in that preference?—A. Yes, sir.

Q. After this war is over there are great possibilities we may have a large number of people coming into this country. Have you any comments to offer in regard to our allies competing for civil service positions in Canada?—A. I should like to say that to take care of men and women who are serving in the present war the Civil Service Act has been amended by order in council which only admits men who served in the Canadian forces or men who were domiciled in Canada at the time of their enlistment and served in other forces. It does not provide for the allies and imperials otherwise up to the present. The amendment has been by order in council. The question of the form of preference and so forth and those to whom the preference should apply is now receiving consideration.

By Mr. Ross (Calgary):

Q. Take the position of a number of airmen who enlisted in the R.A.F. before the outbreak of war. A number from my city enlisted in 1938 and they went overseas and they are with the R.A.F. yet. When they return here they will not get any preference?—A. If they are Canadian boys I would take the view they have not forfeited their domicile. They went overseas like many boys go to sea for a while, but they have not forfeited their domicile. However,

the minister has raised this question with me before and we are going to ask the Justice department if we can admit such men and if not we are going to ask for an amendment to the order.

Q. I hope it will be done.

Hon. Mr. MACKENZIE: We are working on it now.

By Mr. McKinnon:

Q. Could you give us the number of that order in council? Apparently it has slipped by a lot of us because I know I did not know anything about it.—A. I will be glad to pass copies around. It is P.C. 7633 as amended by P.C. 2/3241.

By Mr. Martin:

Q. What is the constitution of these business committees? Are they composed of business men, and so on?—A. Yes. They are the leading business men in the community who have undertaken to serve on the committee.

Q. You have spoken of the possible place of the unemployment offices and the trade unions, and so on. Would it not be a good idea to try and extend the personnel of these committees, particularly in the concentrated industrial areas, and have them composed of representatives of the unemployment office and organized labour as well as business men?—A. Most of the committees do have representatives of the employment service and organized labour on them.

By Mr. McKinnon:

Q. Would it not be a good idea to specify that in the setting up of the committees?—A. They are not committees that are set up by statute. There is nothing compulsory about it. It is a purely voluntary effort on the part of a community but the pattern we have endeavoured to follow is representatives of organized labour, of the employment service, of the municipality and as many industrial leaders as we can possibly get for the reason they are the men who control the jobs.

By Mr. Quelch:

Q. Have you a recent estimate of the number of men who have signified their intention to go on to the land and a breakdown showing how many are men returning to their fathers' farms or how many are going to farm on their own account?—A. Yes, we have some figures in that regard. I shall look them up.

By Mrs. Nielsen:

Q. Let us suppose a man suffers from sickness or disease or from some trouble a few years after he is discharged, will this man be dealt with in the same manner as the veterans of the last war were dealt with? Will it be necessary for them to prove that their disability was caused through their war service? I have had cases of several returned men who have suffered very severely through illness of some kind, but according to the opinion of medical doctors their disability was not attributable to their service; yet, according to the layman's interpretation of things it seems so likely that the trouble was aggravated by service. However, the whole chance of this man getting some kind of hospitalization or care depends upon whether the board will agree that his disability was caused by previous war service. Is that kind of regulation to be applied to these new men in this war? I feel that that is very unfair?—A. The body which determines whether or not a man's disability is related to his service is the Canadian Pension Commission, and they are bound to adjudicate on the facts that are presented to them. If they do adjudicate that his trouble was incurred on service or received on service I am quite sure that that man

is entitled at any time to free treatment and allowances for his family. With respect to cases, where the pension commissioners rule that the condition is not related to service, free treatment has been available for some years for those with meritorious service, but that treatment was not accompanied by living allowances for their family. As to what will be the department's policy after that period of protection has passed to which I have referred in the post-discharge order, I am afraid that that is a little too far in the future for me to prognosticate. That is a matter for the minister and the government to decide.

By Mr. Dupuis:

Q. There is a very important question which arises very often with regard to post-war matters, and that is that in cases of suffering within the service, if a man asks for a pension he is generally told that the cause of his illness was due to causes which occurred before his enlistment and, consequently, he is not entitled to a pension or to hospitalization. I raised that question in the house last year and I suggested that the onus of proving that the man's disability was caused previous to the war should be on the department. That was never accepted. In perhaps 90 per cent of the cases with which I have had to deal they nearly always said the same thing—that the disability was due to causes previous to the war. I submit that when a man offers himself to his country he goes through a very severe medical examination by three doctors and they class him as "A", and, consequently, if he is fit when he enlists that evidence should suffice for the pension commission to grant a pension to him or to his family. I would like to know whether this attitude to which I have referred above is taken by the pension commission?—A. Mr. Chairman, I do not feel competent to answer questions as to the policy of the Canadian Pension Commission. I think it might be advisable, if the committee feel it is necessary, that General McDonald, chairman of that commission, be asked to appear before the committee. Pension adjudications are not under the control of the department. The department is a service department that provides treatment for those who are pensioned.

Q. As soon as a man makes a request to the department of health for a pension he is generally told that in their opinion the illness of that soldier is due to causes which existed previous to enlistment?—A. That is done by the Canadian Pension Commission, sir, and not by the department.

Q. Lately I have had a case of a young man who enlisted in 1939 and during his services he was sent back from overseas—he was insane—and they went as far as to make an investigation to discover if there was anybody in his family—a grandfather or an uncle—who had been put in an asylum or who was insane, and they said that the trouble was due to causes produced by the war.

By Mr. McKinnon:

Q. I think we have all heard of many cases along this same line. A man is accepted as A-1. As far as anybody knows there is nothing wrong with him when he is accepted into the service. I believe that under the circumstances when a man is accepted the government must accept the responsibility for what happens to him after that. Otherwise, it is a very difficult proposition. The authorities would have to be very careful in the examination which they give men, but once they accept men in the service I maintain that they must accept the responsibility for them.

Mr. QUELCH: Was not the word "congenital" struck out of the Act? At least, it was recommended that it should be struck out?

The WITNESS: Yes, I believe it was.

Mr. MARTIN: Mr. Chairman, this is a very important matter, and I do not want my remarks to be construed as a suggestion that it is not, but our immediate job has to do with the problems to be faced at the end of the war, the problem

of putting thousands and perhaps millions of men back into gainful employment. Mr. Woods has touched upon that aspect of the problem in his statement, and it is so important for our purpose in the committee that he might be asked to expand the question of giving to men who are now actually engaged in combat or prepared for it overseas priority on work. To do that he has suggested the use of these business men's committees, some hundred of which have been established, with the cooperation of organized labour and the unemployment offices. I for one would like to hear him expand that more, because the problem will come upon us one of these days very suddenly and we will simply have this statement put on paper; and we shall have to go into operation and organization—not merely organizations that are on a voluntary basis, but organizations set up to do a job—and have some arrangement made with industry, organized labour and the employment offices to see that this priority is extended, and once it is extended of taking care of others in the armed forces—men not in combat units—to see if they could not be given employment. Mr. Woods has had a wide experience and I am sure he could give us some further ideas on this subject.

The CHAIRMAN: In that regard may I say that Mr. Woods, as you know, is not only Associate Deputy Minister of Pensions but he is also a member of the advisory interdepartmental committee on demobilization and rehabilitation.

Mr. MARTIN: Mr. Woods might tell us, for example, whether there is anything to the theory that demobilization might be gradual. In the face of the fact that men have served for three or four years they might not be disposed toward gradual demobilization.

The WITNESS: The question of the method of demobilization is at present under discussion and it will be before the government very shortly as the result of the consideration of the committee on demobilization. First of all, briefly, it is proposed that at the time of demobilization such demobilization should take place at central points rather than at a lot of scattered points because you cannot establish facilities everywhere. Then a primary screening takes place so as to direct the boys to those departments that will be located at the demobilization centres with which they are concerned. For example, a lad may wish to take a trade course and he would be referred direct to the division where he would be given suitable tests and given vocational advice and so forth; a lad who is interested in going on the land will be directed to the land settlement section which will be there; those who are interested in university courses will be directed to the university section; those who are fully skilled and do not need a course of training and those who lack the basic education to assimilate a course of training present the one problem; their problem is a job. There will be representatives at the demobilization centres of the selective service people, and it is possible with respect to these two latter groups, if there is no job immediately available for them, that they may be simply retarded in their demobilization until they are assimilated. That is a matter that is still under consideration and the government's policy has not yet been decided. As to whether there should be some retarded demobilization with respect to those who cannot be immediately absorbed in courses of training, education, and so forth, that is a matter that is still under consideration.

Now, when we come to the group whose training course is finished, they are ready for a job also, and the question is one of actually finding them a job. After all, a job is the answer to everybody's rehabilitation problem. I have outlined methods that have been adopted with respect to setting up business men's committees at over 100 centres. I should like to say that the Canadian Legion also has undertaken the function of these committees in smaller centres where there are not sufficient business men to set up a business men's committee. I have suggested that through the influence of these bodies a preference can

be created in the minds of employers to offset the handicaps imposed particularly on those who have served overseas, so that the employer himself will express a preference. I have suggested that combined with that, if there be a preference in selective service or in the employment services in referring boys to jobs, why, then, so far as jobs that exist are concerned we have done everything that can be done in a voluntary way to exercise a preference for those who served.

With respect to the creation of jobs, I think you will appreciate that that is a field that has not come under my study. I referred to the activities of this committee and the James committee on reconstruction. I hope I did not leave the impression that any committee has guaranteed jobs for everyone. This committee is well aware of the fact that their objective is full employment, and they believe that the country's policy should be directed toward that end. The only other method I know of or can suggest, aside from the method I have spoken of—the voluntary way by working with the employer and using the employment services to give preference—the only other method I know of is compulsion, requiring employers to take a certain quota of discharged men. That is something for this committee to decide, or for the government to decide—whether there should be compulsion or not. I am frank myself in saying that I doubt if compulsion would achieve what we have in mind. Those employers who are kindly disposed toward discharged men, who have no prejudices against them, have shown their willingness to go out of their way to give them a preference; but with regard to those who are not so disposed I am just wondering if you would not lose more by compulsion than you would gain.

Mr. McNIVEN: It would not be a kindness to the men themselves.

Mr. MCKINNON: I am wondering if you have taken any action on this point; many employers question the wisdom of hiring men who are incapacitated in any way, shape or form because of the Workmen's Compensation Act in the charges that could be made against them.

The WITNESS: So far as these men who are pensioned are concerned, the employer need have no hesitation about them, because if an accident is incurred our department recompenses the Workmen's Compensation Board in that province. If a pensioner is hurt on a job the bill is sent in to us and we pay it. So far as men who are not pensioned are concerned, we are certainly giving study now to positions that disabled men can fill. We are also undertaking—I do not like to call it an educational campaign because that seems to imply that the large employers themselves do not understand the problem—but we are certainly negotiating with employers with a view to pointing out to them what experience in large industries shows—and we can place these facts at their disposal—that there is no hazard in employing a disabled man if he is in the right job. In fact, he is a better risk if he is put on the right job. We are filing and cataloging the positions that can be filled by men with specific disabilities—a list of those positions that can be filled by a man who has lost a right arm, a left arm, and so forth, and that will be very useful in our work. It has proved very useful in the United States where they have made similar study, so when we go to employers we can suggest to them: This lad can do as good a job as a fit man; would you like to try him out?

Mr. MARTIN: It is only fair, Mr. Chairman, to say this about the department: I have brought a number of cases to the attention of the minister and his department relating to these post discharge problems and I cannot praise too highly the cooperation and consideration that has been given to cases that were really urgent. The statement which has just been made by Mr. Woods with respect to post-war planning shows that my own judgment as well as that of

others expressed in the house is amply confirmed, that this department is very much alive to this problem which it will have to face at the end of the war. I just wanted to say that, Mr. Chairman.

By the Chairman:

Q. Mr. Woods, can you tell the committee how many veterans are out of work at the present time, and how many of them are receiving benefits?—A. Up to the end of last month there were approximately 1,100 discharged men registered as unemployed; but, Mr. Chairman, I should not like to leave the impression with the committee that that is a fixed number, that is a shifting number—men who are unemployed as of the 31st day of this month may be at work on the 3rd of next month, and so forth.

By Mr. McNiven:

Q. You mean, veterans of this war?—A. Veterans of this war. In view of the fact that there have been over 70,000 men discharged mostly on medical grounds I doubt if your figure would ever get below that. I should like also to say that this is not a fixed number, that it keeps on shifting; they are out of work a few days and then go back to work somewhere else. There were 1,134 men from this war placed in work during the month of April, and at the end of that month there were registered 1,167 unemployed.

By Mr. Castleden:

Q. How many have you training in the trade and technical schools?—A. It is very difficult to persuade them to go to training schools while jobs are available at such high wages. The figures show that the number taking vocational training was 227 during the month of May; and at the end of the month there were 181 still in classes, and there were 17 attending university. Also, during the month, there were 757 assisted by various benefits, that is training benefits, out of work benefits and so on. At the end of the month there were 462 drawing benefits. The expenditure in round figures now runs to approximately \$25,000 a month. It is no problem at all, Mr. Chairman, to place men in work these days, men who are capable of work, fit to work and willing to work.

By Mr. Quelch:

Q. You will recall, Mr. Woods, that at the end of the last war a man discharged, a man having long service, received a gratuity of six months' pay; is there any intention of giving any of those gratuities to the soldiers after this war?—A. At the present time they receive the rehabilitation grant of one month's pay allowance and in addition to that they have the protection that is afforded by the order up to a maximum of 12 months.

Q. It is not the ruling at the present time to automatically give six months' pay instead of any other benefits? You remember they continued after the last war to get these gratuities for the full period even though they might be working, or even taking advantage of the Soldiers' Settlement Act?—A. That is true. It was thought this time that since the post discharge gratuity after the last war was to enable a man to rehabilitate himself, since the rehabilitation programme this time is so much more adequate, it is felt that protection of the same character is not necessary. For example, a man who left the civil service can return to his position with security and everything that goes with it.

Q. On the other hand, there is bound to be the expense of becoming reestablished?—A. Yes.

Q. They may need to have some money and it is going to be quite expensive for a man to established himself and his family. I think the question of a gratuity is one that should receive consideration.

Hon. Mr. MACKENZIE: It did receive consideration, most extensive consideration from the committee about two years ago when we commenced to review the whole problem, and we rejected the idea of a gratuity in favour of these additional measures that have been described to you this morning.

Mr. MARTIN: There is, no doubt, one item which Mr. Woods would like to have drawn to his attention. I know of one community where the wage differential because of price policy is considerable and I know that returned men have been sent to plants where the wages are highest in those communities; and I have heard of cases where they have been placed in communities where wages were in the low category and they have been taken from there and sent to communities where they pay the highest wages.

By Mrs. Nielsen:

Q. Will they be allowed to have a choice of jobs or will they be compelled to take the first job offered to them?—A. As a rehabilitation officer I should say it would be an unwise policy to force a man into a job that was distasteful to him. The rehabilitation will be easier if you can get them working at places that are attractive to them and in occupations they are suited for.

Mr. Chairman, Mr. Quelch asked a question relating to probable demands for farm settlement. I would like to say for his information and for the information of the committee that we have coded 347,000 enlistments. This represents, of course, only about one-half of those in the service at the present time; but out of this 347,000 enlistments we found that the number interested in farming was 65,052. We have that information by provinces. Then, with respect to that number we secured information which indicates that those who have spent under two years on the farm was 8,548, and those who have spent over two years on the farm was 56,504.

By Mr. Matthews:

Q. As you were reading there was one point I did not get quite clearly. I understood you to say that the men in Canada would be demobilized first, and after that the men who are overseas. If that is correct, is there not the possibility that the men who have never left Canada will secure better jobs than those in the thick of the fight? Would that not leave them on the outside?—A. What I suggested, Mr. Chairman, is that the government policy has not yet been decided upon; but I suggested the possibility that short service men in Canada would be demobilized first. Some men have served two years in Canada. I suggested that we may have quite a number of men with short service who have only been away from their jobs two or three months and I suggested the wisdom of returning them as soon as possible to those jobs rather than keeping them until everyone else had returned and had been demobilized.

Q. Do you not think the men who have been doing the fighting should be among the first to get back and the first to be given jobs?—A. I think every single one of us would like to see the overseas lads brought back first and be demobilized; but there are physical difficulties there in the way of shipping and so forth.

Q. I suggest that those physical difficulties be overcome as far as possible. I think that an important principle is there.—A. In any event, entirely aside from the service men in Canada, it appears inescapable that a million people now engaged in munitions will be demobilized first and thrown on the labour market.

By the Chairman:

Q. Is the Veterans' Land Act administered by your department?—A. No sir, that is administered by a Director in the Department of Mines and Resources.

Q. You are naturally very interested in it, then, and I think you had a good deal to do with making certain provisions in it, and I assume that you have made a study of similar acts in the various other countries.—A. Yes, sir.

Q. Could you give us any comparison between the benefits and applications under the provisions of our Veterans' Land Act and similar acts that have been passed in other countries?—A. Ours is easily the most outstanding Veterans' Land Act that I have read anywhere, although the terms are rather more modest as to the amounts that you can advance—\$3,600 for land, and \$1,200 for stock and equipment. That is a fairly modest amount, but it was felt unwise to load the boys up with a large debt; after all, they have to make their way. But the feature of our Veterans' Land Act that gives an equity to the man is a feature that no other country has adopted. You can borrow much more money in New Zealand, but you pay it all back with interest; and there is no state so far that has enacted legislation where the state gives a man an equity in property similar to the Veterans' Land Act of Canada.

By Mr. Castleden:

Q. Have you anything to show how many of the 347,000 to whom you referred were people who came from farms or had previous farming experience. I know that you stated that 65,000 had indicated their interest in farming.—A. Yes. Of the 65,000 56,000 had had over two years farming experience.

Q. It is probable that 120,000 out of the 347,000 are men who had previous experience, were men off the farms; about one-third of the population of Canada is agricultural.—Yes.

Q. And the services have taken up a large percentage of men from the farms?—A. It is our experience that there is a great tendency on the part of boys who left the farm to want to become say diesel engineers and so on; and the figure I gave doesn't represent those who have left the farms, it represents those who have expressed an interest in farming.

Q. We should point out that probably one-half of those who have previously been on farms would not show any inclination to go back to them.—A. I am afraid our records are not sufficiently adequate to indicate everyone who left a farm; after all, we are after their wishes and their intentions.

Q. Yes, that is interesting, because after all the man who is coming back is thinking about rehabilitation and he is thinking about remunerative employment; he wants to undertake his training or education and enter into that, and he wants to get back and settle in Canada just as quickly as he can so that he will be able to provide a decent living for himself and for his family.—A. I am inclined to think and in fact Mr. Murcheson expressed the opinion before the Reconstruction Committee of the Senate that it was possible they might be called upon to settle 100,000. I think when they study the particulars of the Veterans Land Act there will be more interest expressed than there has been up to the present; particularly when you consider that we can establish fishermen on a farm in conjunction with their fishing; we can buy them boats, gear and equipment; and particularly when you consider that we can establish men who are in regular jobs on small holdings. So that the numbers actually settled in Canada may be far greater than they were following the great war.

By Mr. Martin:

Q. Are our men being informed about these opportunities?—A. We give information to everybody as they leave the service now. Each individual is

handed one of these blue cards on which is enumerated the benefits available and which explains to them how to procure these benefits. These cards list the various benefits, and every discharged man gets one at the time of his discharge. I might say that we are now giving consideration to getting out some suitable literature for use overseas.

By Mr. Quelch:

Q. How long a period elapses before a soldier can take advantage of the benefits of the Land Settlement Act?—A. There is no limit.

Q. I thought you stated it was limited to one year or two years?—A. That is true with respect to benefits under the post discharge re-establishment Order, or speaking of a man going to university; but there is no limit to my knowledge under the Veterans Land Act.

Q. That is a good thing because some of the soldiers may want to wait until values have dropped so as to make sure they do not pay too high a price on a falling market.—A. Yes.

By Mr. McKinnon:

Q. Have there been any surveys made of suitable areas for re-establishing these men on farms?—A. Yes. Under the provisions of the Veterans Land Act there have already been established regional committees to assist a man in his selection, and in getting the man on suitable land; and they are working in very close cooperation with the various provincial governments who have made surveys of suitable lands.

Q. I suppose then that the places of discharge set up will have there committees or organizations with all the information available as to suitable territory in the vicinity where the men could be established.—A. I suggest the possibility that at the time of demobilization the men will be given a demobilization furlough of a few weeks to return to their own communities where actual discharge takes place so they can become orientated in their own community, and then when they return with their minds made up as to what they would like to do, certainly information will be available to them as to land settlements.

Q. Well then, that, if carried out, would to a large extent take the place of that gratuity that was paid to the boys after the last war.

Hon. Mr. MACKENZIE: That is what it is.

Mr. MCKINNON: That is what it is?

The WITNESS: The demobilization furlough, yes. Incidentally, after they return from furlough they would then be entitled to get the rehabilitation grant of one month's pay and allowances; and following that become entitled to such benefits as are provided by the post discharge order.

Q. Have you any thought as to the length of time that would be allowed a man to look around and see what he would care to do most—would it be three months, four months, six months or any specific length of time?—A. I do not think demobilization leave would amount to that length of time. Demobilization leave is to enable men to return to their families and become orientated in their community and then return for the purpose of demobilization; and it is presumed that when they return for demobilization purposes they will have their minds made up as to what they would like to do and so we will have the facilities available to enable them to go ahead with whatever they want to undertake by way of vocational training and so on.

By Mr. Quelch:

Q. How long is that period to be?—A. That has not been determined yet.

By Mr. McKinnon:

Q. I suppose it would take some time for a man to get himself back into the routine of civilian life again and he will naturally want a few dollars in his pocket to move around with, and what I was trying to get into my mind was the time that would be allowed to him. Would there be sufficient time given that he could do that and be paid for it at the same time—three months or whatever it is, depending on his length of service.—A. Presumably a man who needs a skill after his demobilization leave will go directly into a course of training; and those who are going to a university would go to university; and for those who do not need a trade and whose problem is a job, as I suggested when I was speaking before, there may be retarded demobilization available to them. But facilities will be available to all of those who have made up their minds.

By Mr. Castleden:

Q. For what period of time will there be grants available to the man who wishes to continue a course in the university; say a man has three years course to complete in medicine or science?—A. The man must obtain entry to a university within 15 months after his discharge, and then he can be carried in university as long as he was in service; if he has been in the service three years he will be given three years.

Q. This meditation of thought does not apply there?—A. No, that is a statutory right; and at the end of that three years we can carry them on to their degree if they are making good progress. Post-graduate work is also available to those who already have their degree.

Q. Then in respect to the maintenance grants which you mentioned in part 3 of your program; maintenance grants for men engaged in business and so on, for what period of time will that be available?—A. For a period equivalent to the length of the service with a maximum of twelve months.

By Mr. Martin:

Q. What about the maintenance grants for a man who is taking up education; will the department deal with the universities?—A. We pay their tuition, athletic fees and maintenance.

Q. I was thinking of credits in another sense.—A. To establish them in professions?

Q. No. For instance, take a man who wanted to become a member of the greatest of all professions, law; giving them time off for time spent on active service; has the department taken any action in that regard?—A. In discussing that with the universities they were not very favourably disposed towards abridging the course at all. They will consider summer schools and so forth so that there is continuous education; but as to giving credit for the period in the service, they feel that following the last war it was not entirely successful.

By Mr. McNiven (Regina):

Q. It wasn't so much in the time as it was the men themselves.—A. I think you are right there.

By Mr. Castleden:

Q. What can you tell us about the capacity and ability of the technical schools to take care of men desiring special training of that kind; I understand you are intending to do that sort of thing?—A. Yes.

Q. Is there anything which indicates that the facilities will be available for the total number of men requiring such training?—A. I think it can be said that so far as the vocational training is concerned if the army schools

are used as well as the technical schools, and if the hours are adjusted, the present training plan in the dominion is adequate for vocational training. But you must bear in mind, however, that our experience following the great war was that 50 per cent of those who got vocational training took it right in the industry and not in the vocational schools.

Q. How many could we afford into, let us say, the vocational training and technical schools such as you have at the present time; what is your figure on that?—A. I haven't the figure before me because the report is not complete yet, it is well under way; but the man who is making the survey for us, Dr. Weir, expresses the opinion to us that he thinks the training plants are going to be adequate if army schools were used in addition to the regular technical schools.

By Mr. Dupuis:

Q. Is the Veterans Land Act now in operation going to be different from the one we had following the last war?—A. It will be entirely different.

Q. Is it not a fact that the effect of the Soldiers Settlement Act after the last war was to give the men the land completely; I suppose this one will do the same thing.—A. No sir.

Q. You know what the experience was after the last war; it showed that most of the veterans sold their farms and abandoned them.—A. I do not think it was so unsuccessful as many people think. I believe approximately 40 out of 100, or 4 out of every 10, are still on the land after 23 or 24 years experience.

Q. Would you call that a success?—A. Well, the general experience is that the average farm changes hands more frequently than that.

By Mr. Quelch:

Q. Did you not say in speaking of that that it was only the land he had to pay on, that there was provision for a substantial gift for the soldier?—A. I thought I had made that clear. The cost of the farm plus the stock and equipment under the old act constituting a 100 per cent debt the veteran had to repay with interest at 5 per cent. This time the \$4,800 is spent for the farm, stock and equipment and the settler is only left with a debt of \$2,400; which is just 50 per cent of the cost of the enterprise, the remaining 50 per cent comprises the man's own 10 per cent deposit and the grant from the state.

Mr. DUPUIS: I understood that the provinces are going to be called upon to do their share.

The WITNESS: Yes, the provinces are cooperating very well indeed in this settlement plan.

By Mr. McNiven:

Q. What do you mean by the provinces doing their share?—A. Well, the provinces are cooperating with the settlement authorities in making available to them the surveys they have made of the areas that it would be inadvisable to encourage settlement in and so forth.

Q. They are not going to be called upon to make grants?—A. No, they have certainly not been requested to make grants; nor do I know of any province that has indicated any intention to do so.

Q. Is there any disposition on the part of the government at the present time to ask or require the provinces to make grants?—A. I have never heard of it, Mr. McNiven.

Q. You know following the last war, Mr. Woods, when projects were undertaken in several of the provinces it was on the basis that the province

contributed dollar for dollar with the government—A. Not on land settlements, sir.

Q. No? Well, take highway construction, take schools, technical schools and a large body of other projects; in view of the experience following the last war, or in the light of that experience, would you recommend a similar policy being followed at the conclusion of this war?—A. I hesitate to speak on the subject of public works because that is a matter for discussion between the dominion and the provincial authorities. I am concerned with the question of the rehabilitation of the men and not with where the money comes from. But so far as our Veterans Land Act is concerned, the one we were discussing, to my knowledge there has been no request of any province to make any financial contribution; and under the vocational training program I have not been informed that any province has been asked to make any financial contribution to that. They are making a very substantial contribution in the way of the use of their facilities and so forth.

Mr. MARTIN: They bear a share of the cost of administration, 50 per cent.

By Mr. McDonald:

Q. Is it not a fact, too, that in the case of Quebec, for instance, the government is laying aside certain lands for settlers and that these lands will be acquired on very easy terms?—A. My knowledge of that is restricted to what I read in the newspapers, but I did read an article where they were setting aside certain tracts of land. The Veterans Land Act had a provision enabling the settlement authority to negotiate with the provinces in matters like that but it does not indicate that the province will be asked to put up any financial contribution.

Mr. DUPUIS: I know that the provincial government has voted millions of dollars to facilitate the establishment not only of soldiers but citizens in colonization areas, and they are going to pay a large amount of money to help them put their farms on a basis where they can live. I understand that a soldier will be able to take advantage of that just the same as any other citizen.

The WITNESS: I presume it is possible some provinces will enact schemes. I recall that the province of British Columbia was one province following the great war that had a project that was reserved for returned men that they took advantage of.

Mr. McDONALD: In the province of Quebec to-day in connection with this scheme under the colonization department they buy machinery and they go to work and clear the land and prepare it for the settler and the settler is placed on the land on very easy terms. I am quite familiar with that because there are thousands of them up in the county I represent.

Mr. MARTIN: The settler is paid while the land is being cleared.

Mr. McDONALD: Yes.

Mrs. NIELSEN: Personally I was going to say I would hesitate to advise any young man to take up a soldier settlement grant on the land these days. I remember when Mr. Mackenzie was before this committee we did discuss quite briefly the possibilities of any young man being able to make a living on the farm when farming is conducted the way it is these days unless farmers have greater guarantees with regard to parity prices, and so on, of their products. Mr. Mackenzie did admit when before this committee that as far as the question of the amount of money to be given or allocated to the settlement of men on the land it would be advantageous if the men were not just given so much and put on a small section of land but rather one complete set of the very best mechanized equipment might be procured and provided for

a group of men and they could work on a cooperative basis. Those of us who have lived in western Canada have all made up our minds that the chances of a man on a small piece of land being able to compete with the large farms these days are not very great. It has been tried for the last twenty years, and more and more as time goes on it has proved impossible for the small man to compete and make a living. I wonder to what degree you have considered the question of whether it would not be advisable to settle several farmers together with one complete set of machinery so that they could compete with the large farm rather than giving so much money to each small farmer and placing them on a small piece of land.

The WITNESS: There is nothing in the legislation so far as I know to prevent settlement of a group in one community. The advance per settler is limited, it is true, to \$4,800, but there is nothing in the legislation so far as I know that prevents half a dozen lads getting together, or a dozen.

Mrs. NIELSEN: Therefore that experiment could be tried.

Mr. MARTIN: The scheme that Mr. McDonald has mentioned embraces part of that. They have taken people who knew one another, who had community interests, and have settled them together under the direction of their clergy and everything.

Mr. McDONALD: They are all individual operations though.

Mr. MARTIN: But they were moved as a community?

Mr. McDONALD: Yes.

Hon. Mr. MACKENZIE: I am sorry to say in British Columbia our experience in that direction was not very fortunate after the last war. We had two community settlements, Marysville and Creston. That idea was tried out.

Mr. QUELCH: What was the main difficulty?

Hon. Mr. MACKENZIE: The high cost of clearing and then at Creston I think they had some irrigation trouble.

Mrs. NIELSEN: It was not inability of the people to cooperate?

Hon. Mr. MACKENZIE: Oh no.

The CHAIRMAN: Any further questions?

By Mr. Purdy:

Q. Mr. Woods, I am going to hand you an editorial from one of our papers dealing with re-establishment and ask you if you have any comments on it?—A. The editorial reads:

There are now coming into the labor market a considerable number of men who have been dismissed from the armed forces for one reason or another. There is recently some criticism of the Department of National Defence charging that they are not making any serious attempt to obtain suitable civilian establishment for these men.

It was a regulation of the government when the war began that any employee enlisting in the army would have his job held open for him to which he might return when the war was over. It was made obligatory on the employer that any people taken on in the place of enlistments would be temporary provided the original employee desired his job back following the war.

A case has arisen which brings about an embarrassment and there is yet no definite policy regarding the same. A case is cited where a young man recently was honorably dismissed from the army with the rank of major. When he enlisted he was a junior office worker. In view of his military success he married. It seems that the government depart-

ment tells him that they can do nothing for him but that he may claim replacement in the junior office which he left.

It is argued by the critic that had this young man evaded military service he would now probably be in some highly paid civil employment; and that some department of the government should be responsible for a real effort at this time to re-establish this young man in a position comparable to which he might have attained at least in line with his standing as a major in the Canadian army.

There is indeed a hardship for the man in question and we are of the opinion that if the government is going to run everything as they are now apparently doing that it is up to them to have some whole hearted common sense re-establishment scheme for cases such as the one mentioned, and there will be many.

Here is the first that we have noticed of the breakdown of Hon. Mackenzie King's claim for full employment at high standard of living rates all of Canada in the Utopia that he is holding as a great politician. It looks to us as though it is right now the time for the government to act and be ready to provide the "full employment" to men leaving the service now that they have politically promised.

The WITNESS: I should like to say, Mr. Chairman, that we have welfare officers stationed at every large centre throughout the dominion and these welfare officers are stationed in the offices of the Unemployment Insurance Commission. They are in close touch with National Selective Service and there is no compulsion on a man who left a position as a junior clerk to enlist to take back that position again and, in fact, we will be only too happy to help him into a position for which he has the talent and experience. The very fact that he was a major in the army does not enable us to put him in some executive position, but if he has talent and experience these days we have no difficulty in finding him a suitable job.

Q. Do you agree with the theory they suggest there that men should be returned in a position that would give them remuneration comparable to what they were obtaining in the army?—A. I would like to do it if we could. We naturally want to get him in the best position we possibly can because then his rehabilitation problem is solved.

Mr. MARTIN: Under national selective service regulations he is given an "A" priority rating. That is to say, he is given the best there is available.

The WITNESS: We have no trouble with National Selective Service when it comes to discharged men.

By Mr. Purdy:

Q. If he approached the government department they would not assume he could not do anything else but go back to his old job?—A. Definitely not.

Mr. DUPUIS: Would you be good enough to state the name of the newspaper and the date?

Mr. PURDY: The reporter can have the paper. It is the Truro *Daily News*.

By Mr. Quelch:

Q. Mr. Woods, in certain provinces large areas of land are owned by provincial governments?—A. Yes, sir.

Q. Would it be possible under the Land Settlement Act for a soldier to lease that land from the government and obtain financial help under the Act although the land was owned by the provincial government?—A. I do not believe there is authority under the Veterans' Land Act to make advances on

leased land. As happened many times following the great war there is nothing to prevent a man who is settled by the federal government on a quarter section or whatever it is approaching the province and leasing a section as a grazing lease.

Q. I had in mind in the drought areas where some provincial governments own several million acres and they lease that for ranching purposes. Many settlers may like to go into ranching and lease land, but the only way they could get around the Act would be to buy a quarter section adjoining that and then lease the land?—A. In order to get live stock that he needs; they will not establish him purely on a lease basis.

The CHAIRMAN: Any further questions? If not, I want to express what I know is the feeling of all members of the committee, our appreciation of the submission made by you, Mr. Woods. I do not have to tell members of the committee that what we have heard today can be of very great value to us because under the terms of reference given to this committee one of the greatest things that we have got to consider is the degree of good will and contentment that will rest within the minds of those who return from our armed forces and our merchant navy. We have got to secure jobs to the best of the country's ability, but we must also see to it those who have fought our battles are satisfied with the jobs, and with the general conditions prevailing in the country. I want once more to express the thanks of the committee to you.

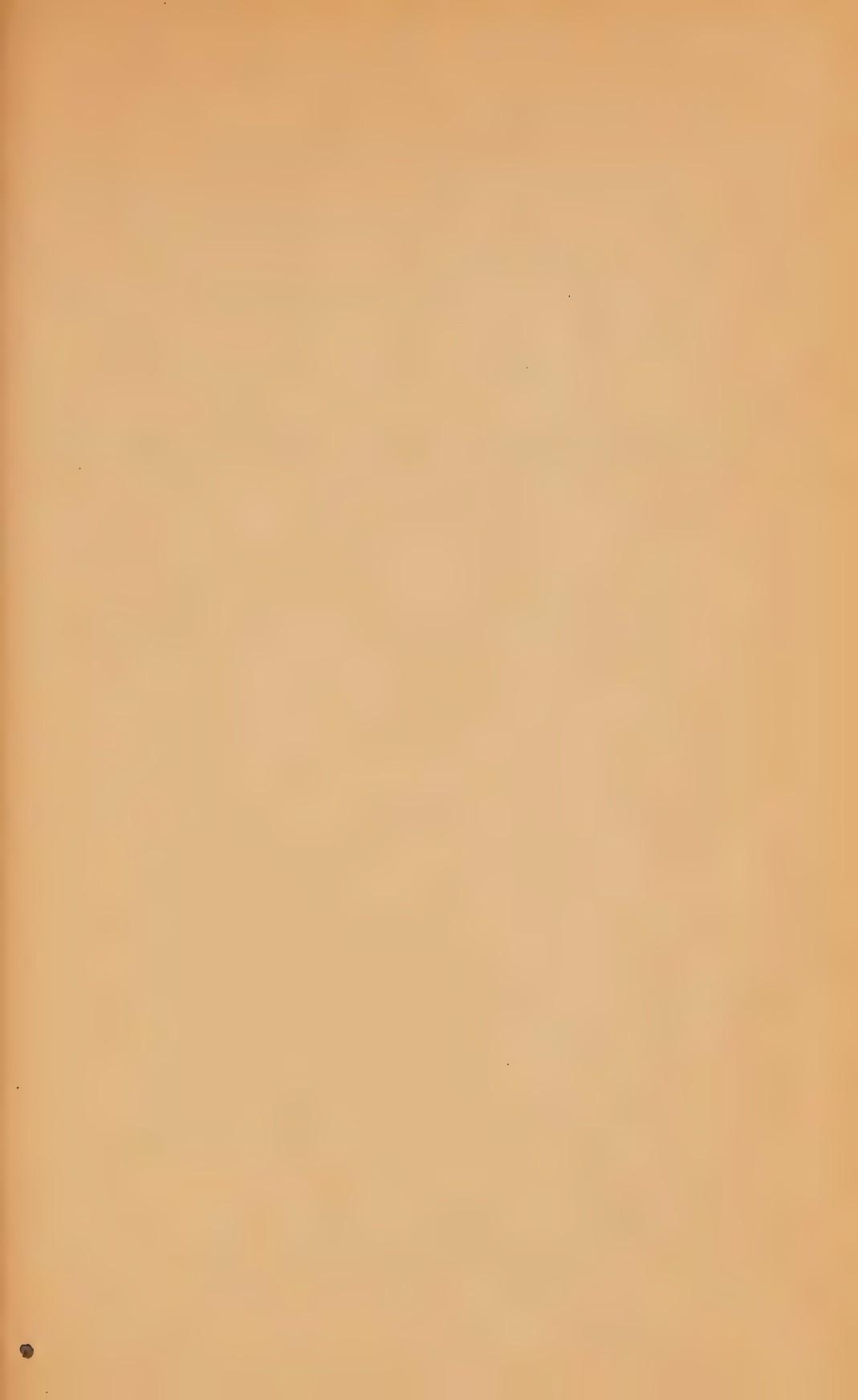
Mr. CASTLEDEN: Before we adjourn, Mr. Chairman, one of the things submitted this morning was the necessity of the good will and cooperation of labour organizations. We have already found this morning that a number of men who previously were engaged in agriculture are not going to return to agriculture under this scheme. It will be necessary to find out how many of these men may be going into industry because it will possibly disrupt the labour market. What I would like to know is whether the steering committee is making arrangements to have some labour organizations?

The CHAIRMAN: We expect to have all the labour organizations come before us.

Mr. CASTLEDEN: In the near future?

The CHAIRMAN: As soon as they are ready; some of them are not ready. The steering committee has given attention to that. Tomorrow we have the Canadian Chamber of Commerce. I took the liberty of telling them that if they were not through tomorrow provided the house did not sit tomorrow night this committee would take them on tomorrow evening and let them finish.

The committee adjourned at 12.45 p.m. to meet again on Friday, June 11, 1943, at 10.30 o'clock a.m.





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(SESSION 1943)

HOUSE OF COMMONS

(SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 22

FRIDAY, JUNE 11, 1943

WITNESSES:

Mr. R. P. Jellett, President; Mr. H. Crabtree, Vice-Chairman of the Executive; Mr. D. L. Morrell, Secretary; and Messrs. C. S. Band, D. P. Cruikshank, P. S. Fisher, C. Henderson, W. D. Jones, V. R. Smith, Directors, the Canadian Chamber of Commerce.

Mr. R. W. Sherwood, Comptroller, Canadian Industries Limited.

Mr. P. C. Armstrong, Special Representative, Canadian Pacific Railway Company.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1943



MINUTES OF PROCEEDINGS

FRIDAY, June 11, 1943.

The Special Committee on the Defence of Canada Regulations met at 10.30 o'clock a.m., the Chairman, Mr. J. G. Turgeon, presiding.

Members present: Messrs. Bence, Black (*Cumberland*), Castleden, Gillis, Hill, Jean, McKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), McNiven, Marshall, Matthews, Nielson (*Mrs.*), Purdy, Quelch, Ross (*Calgary East*), Sanderson, Turgeon.

In attendance: Mr. R. P. Jellett, President; Mr. H. Crabtree, Vice-Chairman of the Executive; Mr. D. L. Morrell, Secretary; and Messrs. C. S. Band, D. P. Cruikshank, P. S. Fisher, C. Henderson, W. D. Jones, V. R. Smith, Directors, the Canadian Chamber of Commerce.

Mr. R. W. Sherwood, Comptroller, Canadian Industries Limited.

Mr. P. C. Armstrong, Special Representative, Canadian Pacific Railway.

The Chairman placed on the record a letter from the Secretary of the Canadian Chamber of Commerce, dated June 10, 1943, regarding a survey of the capacity of industry to employ demobilized soldiers and war workers.

Messrs. Jellett and Morrell read Sections 6 to 10 inclusive of the brief presented by the Canadian Chamber of Commerce and, together with other members of the delegation, were questioned thereon.

The Chairman thanked the delegation for the information furnished the Committee.

At 1.00 p.m. the Committee adjourned to meet again at the call of the Chair.

A. L. BURGESS
Acting Clerk of the Committee

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 11, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10.30 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: Ladies and gentlemen we have a quorum, and if you will come to order we will declare the meeting open.

As you know, we have the members of the Canadian Chamber of Commerce back again with us to-day. Their interesting brief which we have on the records was not finished before us at the last meeting. I regret to state that Mr. Paul McFarlane, who took a prominent part in the last sitting of the committee will not be here to-day because of the passing of his father.

At the last meeting we asked members of the Canadian Chamber of Commerce if they would get certain information desired by various members; that is, if they would make a survey of what business and industry would be able to do for the country at the end of the war. I have a letter here from the secretary, Mr. Morrell. I will not take time to read it but I will place it on the record. It states merely that the Canadian Chamber of Commerce have started the necessary preparatory work for the survey and have written to many business men and to their members asking for information that will be necessary for them to give us the information we asked for, and as soon as they have that they will communicate with us again. I will just place that on the record.

The Board of Trade Building,

Montreal, 10th June, 1943.

J. G. TURGEON, Esq., M.P.

Chairman,

Reconstruction and Re-establishment Committee,

House of Commons,

Ottawa, Canada.

DEAR MR. TURGEON.—At the joint hearing before the parliamentary committees on May 28, the chairman of our executive, Mr. P. A. McFarlane, indicated that the directors of the Chamber would be glad to bring before you, at a subsequent meeting, the results of a survey of what business and industry is doing in the way of anticipating employment possibilities and opportunities after the cessation of hostilities. Accordingly, we have undertaken this survey and now wish to report progress.

We have communicated, as per the attached letter, with some thirty-two representative industrial companies in Canada and similarly with some seventeen national trade associations. We have also communicated with our one hundred and fifty member boards of trade and chambers of commerce in order to detail for you what organized business is doing in this direction.

We have received an encouraging response to this enquiry, but, in view of the shortness of time at our disposal, sufficient replies have not yet been received to permit of an adequate statement on the results of the survey. Consequently, we should like to take the liberty of sending you by mail or of presenting personally, these results within the next few weeks.

I trust this procedure will meet with your approval and look forward to meeting with you again.

Yours faithfully,

(Signed) D. L. MORRELL,

Secretary.

You will remember that at our last meeting when the delegation was before us only part of their brief had been read into the record. I am going to ask members of the delegation to complete the reading of their brief to-day, and while naturally members have a perfect right to ask questions at any time, I would suggest that because the brief has been before us for so long that it would be well if the members waited until the reading of the brief is completed, and then the meeting will be open for questions.

I see Senator Michener here. Would you care to come up here with me Senator? And some of the other senators, would you please move up here?

All right, gentlemen; you may start.

Mr. R. P. JELLETT and Mr. D. L. MORRELL, called.

Mr. JELLETT: I think if Mr. Morrell, our secretary, will start the reading I will pick it up when he cannot go on if his voice tires. We will read right through and then go back and take it section by section.

Mr. MORRELL: I am starting at page 18, section VI.

The CHAIRMAN: May I make one more announcement: at the last meeting one of the members of the committee suggested to the Canadian Chamber of Commerce that it might be well for them to supply copies of the Lever Brothers report on post-war conditions. They have supplied that and sometime later copies will be provided for each member of the committee.

Mr. MORRELL:

VI. PRESENT UNCERTAINTIES AND FUTURE NEEDS

The Great Unknowns

16. Therefore, even in connection with an enterprise of, at first sight, purely domestic interest (such as social security legislation), we venture to recall attention to some of the great uncertainties which confront us when we look abroad.

We do not know the degree to which war-time and post-war inflation will further upset our international, financial and trading relations.

We do not know how heavy will be the burdens that Canadian tax-payers must shoulder, in time of peace, as a result of war-time and post-war expenditures.

We cannot yet appreciate the problems involved for us (and our Allies), in restoring order out of chaos in continental Europe, after the fighting ends. At this point (and without scrutinizing our terms of reference too narrowly), we wish strongly to suggest that Canada should maintain her armed forces on an adequate footing, not only during but *after* the peace settlement—as befits a country with full dominion sovereignty. We cannot afford ever again, if in the course of years a third world war should be threatened, to find ourselves without immediate means of defence, on an adequate scale. The fate, not of this dominion only, but of civilization itself might conceivably be sealed, if we were again found to be defenceless, as we were in 1939.

We cannot estimate in advance what will be the post-war purchasing power of our old customers abroad upon whom we depend for disposal on satisfactory terms of our exportable production—and upon whom we therefore depend for the continued equilibrium of our Canadian economy.

Except in the broad terms of the Atlantic Charter, we cannot foresee what obstacles to the trade between nations our own exporters and importers will then see removed in international markets; nationalist motives, and their expression in the form of restrictions on commerce, are still a potential threat to the revival of Canada's external trade.

We have not yet an *assurance*—though recent monetary conferences in Washington do justify hope in this regard—that we shall have, after the war, an international unit of currency, by means of which to conduct our post-war international exchange of goods.

Nor can we foresee what will be the relationship of the pound sterling and other national currencies to this international unit, as and when it is established; we remain in ignorance, therefore, as to what will then be the relative values of our own dollar, and the currencies of other trading nations.

Finally, not for a long time after answers to the foregoing questions become available, can we feel reasonably sure that the post-war international currency systems, in terms of which our trading calculations must be made, will persist: we have still to make certain that the monetary chaos of the last pre-war decade will not again supervene.

A Maze of Uncertainties

17. In the face of these great uncertainties, we do not believe that it can safely be decided as yet, on what scale to make financial provision for a consolidated plan of social insurance. We should at once proceed with an examination of the problems involved in the formulation of plans (not necessarily one co-ordinated, over-all, too comprehensive effort) suitable for the special characteristics of our Canadian economy. But this is no time for definite commitments, whose implementation in time to come might introduce in our economy fresh strains and elements of danger.

We do not apologise for quoting in this connection, from a recent broadcast by Mr. Churchill to the British people—in which he dealt with the same group of problems. Mr. Churchill said on March 21st, 1943:—

The time is now ripe for another great advance; anyone can see what large savings there will be in administration, once the whole process of insurance has become unified, compulsory and national.

Here is the real opportunity for what I once called “bringing the magic of averages to the rescue of the millions”. Therefore, you must rank me and my colleagues as strong partisans of national compulsory insurance for all classes, for all purposes, from the cradle to the grave... But on the same occasion he said also:—

...We must beware of attempts to persuade and even coerce His Majesty's Government to bind themselves or their unknown successors (in conditions which no one can foresee and which may be years ahead) to impose great new expenditures on the state—without any relation to the circumstances which might prevail at that time—and to make them pledge themselves to particular schemes...

The business of proposing expenditure rests, ultimately, with the responsible government of the day.

In detail, the problems confronting us and those confronting the British people are in many ways different. But the future holds the same uncertainties for both peoples. Therefore it is the part of wisdom, for us no less than for them, to measure deliberately the dangers and opportunities of a future now shrouded in mist, before pledging ourselves to future commitments on an immense scale.

VII. CANADIAN AGRICULTURE

Markets Abroad for Farm Products

18. We have already stated our conviction that the search for adequate outlets abroad for our agricultural surplus must be one of the foremost of our post-war concerns.

This is the case, for three reasons:

(a) During at least ten years prior to September, 1939, the Canadian farmer occupied a deplorable position in our economy. Relatively to the prices of the goods that he needed to purchase, his own products were selling, for the most part, at extremely low prices. His share of the national income, as a result of the long-drawn-out business depression, was reduced to very small proportions. Real distress among the farmers was widespread.

(b) From the standpoint of the Canadian people as a whole, such a condition, whenever it occurs, is little short of a national disaster. For unless the Canadian farmer's purchasing power is adequately maintained, Canadian industry (which depends in large measure on the farming community, for the marketing of its products) cannot possibly be kept in full activity.

Thus from the national standpoint, it is desirable that the prices of farm products in Canada should at all times stand in a proper relationship to the prices of manufactured goods. In default of this, not only will distress among farmers continue, but a proportion of our manufacturing capacity must also remain unused—and a proportion of our industrial workers must accordingly remain idle.

(c) Since the greater part of the Canadian farmer's crops, either in their primary form or after processing in Canada, must ultimately find a market abroad; and since the prices of these goods are therefore determined, essentially, by conditions abroad, it follows that unless adequate markets can be found abroad for a very large proportion of Canada's agricultural products, the dominion in all its activities may find itself confronting a bleak outlook.

Domestic Markets for Farm Products

19. To say this is not to belittle unduly the domestic market. We have noted carefully certain possibilities of increasing the consumption of our farm products in Canada.

(i) Campaigns for the better nutrition of our people may lead to such an increase in Canada's consumption of the "protective" foods, as to "switch" much of the farmer's energies from the raising of low price produce, to the raising of market garden and dairy products, offering a better return per acre.

(ii) The development of synthetic industrial products, based upon recent advances in chemical knowledge (we refer, particularly, to plastics in this connection), may create a new demand for certain crops, hitherto raised only for food; and so may reduce to some extent the size of our agricultural surpluses.

(iii) At least for some years to come, the demand for domestically produced vegetable oils may provide the Canadian farmer with worth-while opportunities; and it is possible that some of the resulting production (that of the soy bean, for example) may find a permanent place in his program of cultivation.

The Farmer and the Atlantic Charter

20. These possibilities demand careful exploration. Nevertheless, they do not contain in themselves any promise that the post-war demand for Canada's farm products will prove adequate; or that their prices will be maintained at a proper level; or that the Canadian farmer will again have appropriate living standards. If the main problem cannot be solved, such improvements in the domestic market will, at the best, only mitigate his lot. The core of the farm problem still rests in our external markets.

A realization of this fact throws us back upon the great uncertainties confronting us in world trade, the most important of which we have

enumerated. We still depend, as we have always depended, on a world market. In order to maintain the demand for our agricultural products abroad, we must first of all make effective the terms of the Atlantic Charter.

A Domesday Book for Canada

21. If this can be done, a wide prospect opens before us. Agreed policies, for the betterment of Canadian agricultural practice, are in sight already.

(a) For generations past, the soil of Canada has been a wasting asset; erosion has played havoc with our farms. Measures of soil conservation, already suggested in another connection, should be carried out by Government, in order to make an end of this waste.

The first Norman King of England, almost a thousand years ago, caused a complete inventory to be made of all the farm properties in his kingdom: their ploughlands, their woodlands, their capacity for stock-raising, and even fish ponds. Canadian agriculture, too long the subject of planning by rule of thumb, needs a Domesday Book of its own.

Such a Domesday Book, incidentally, must be the foundation of any successful land settlement policy hereafter.

(b) Researches forever associated with the name of the late Sir Charles Saunders, were largely responsible for the successful exploitation of our western prairie, from 1905 onwards. There is room for an immense further improvement in farming practices, as a result of other researches, still to be carried out.

Canada needs more experimental and research facilities, in addition to those that we now possess. We believe that no form of expenditure yields dividends so rich, as expenditure on research.

(c) Parallel with such researches, there is also room for the development of education in agricultural methods and guidance towards the production of products likely to find the best markets. We do not belittle the benefits of a cultural education (which is itself, however, capable of extension and improvement); but an exclusive concentration on cultural studies, if it leads to the neglect of opportunities for technical progress in agriculture, might prove costly to this dominion.

The percentage of our young men, intending to become farmers, who now receive a vocational training is very small; such training should be general. Great benefit is also to be gained by the provision of expert agricultural supervisors, in much larger numbers than at present.

It is to be hoped that, by means of such measures, many persons may be retained on the farms who might otherwise leave them.

Veterans' Land Settlement

22. Legislation has already been enacted, establishing the basic principles upon which veterans will be placed on the land. We welcome this initiative.

Uncertainties About Immigration

23. Again bearing in mind the great uncertainties looming in our external markets (and likely to prevail for some time) we believe it is not yet possible to recommend any parallel scheme, of agricultural land settlement for civilians on a large scale.

The question, whether this dominion will again attract great numbers of immigrants from Europe, must, we think, for the time being remain unanswered. Certain immigrants, possessed of special skills, will always find a place in this country; indeed, may be the means of creating industries that we do not at present possess. But even assuming (and this may not be the case) that after the fighting ends there will be some millions of Europeans anxious to find

refuge in Canada, there are two great imponderables of which account must be taken, before we can plan to receive them, either in urban employment or agriculture:

(a) First, we cannot offer immigrants in large numbers the prospect of wage-earning employment in Canadian industries, till we have found such employment on the necessary scale for our own demobilized veterans and munition workers who desire it; we should plan the prevention of mass unemployment now—but we have not yet achieved it;

(b) Secondly, before attempting to settle on the land any large numbers of immigrants, we must be reasonably satisfied in advance—we cannot, in fact, look ahead for more than a short distance into this vital post-war problem—that the demand for our exportable products abroad will be such as to keep our agricultural economy solvent.

But pending the settlement of the large issues abroad, on which the future of our agricultural economy so largely depends, we believe that more ambitious plans of land settlement, for civilian Canadians and for possible immigrants, should at least be brought now to the stage of blueprint.

Such plans should no longer envisage the settler as an isolated unit. Success will depend on the planning of communities for settlement, with provision in advance for education and certain amenities; and will inevitably demand, in the beginning, a considerable expenditure of public funds.

It is not impossible that the mother country may wish presently to make possible the settlement of some of her people in the wide spaces of the dominions. The most sympathetic consideration should be given to suggestions favouring co-operation to this end.

The Farmer's Credit

24. One feature of recent governmental policies, *vis-à-vis* the Canadian farmer, we view with sincere regret and a good deal of misgiving—which is, we believe, shared by many farmers. We refer to legislation, enacted in some parts of Canada, which establishes priority positions ahead of first mortgage securities.

Designed in the first place to relieve the distress of individual farmers (with whom, indeed, one could not but sympathize deeply), such legislation produces an inevitable result, prejudicial to the best interests of Canadian agriculture as a whole, and likely to prove especially prejudicial in the future, if a sustained rise in agricultural prices should increase greatly the farmer's need of new credit. For the lender upon mortgage, concerned with the safeguarding of monies which constitute his own savings perhaps over a long period, or which he holds in trust for others, is naturally fearful of lending them, even upon an apparently first-class agricultural mortgage, in the face of uncertainties created by such legislation.

He has before him alternative opportunities of investing his assets elsewhere, with an unimpaired sense of security. There is no constraint upon him to deal with the farmer-borrower. There is every reason to suppose, therefore, that he will in future choose one or other of his alternative outlets for investment; and that, so long as the laws to which we refer remain on the statute books, monies will not again become available, on the scale of their needs, to farmers anxious for more capital.

VIII. THE RE-CREATION OF OUR MARKETS ABROAD

World Purchasing Power

25. All the foregoing emphasizes the great importance of reconstituting our markets abroad with a view to resuming, in due course, our pre-war exporting activities.

Selling her exportable products in an active world market, Canada need have no serious fears for the future. But if a world market cannot be reconstituted, the most carefully conceived, even of our purely domestic policies, will inevitably lose a large part of their effectiveness.

The first requisite is, of course, that the purchasing power of the densely populated countries in Europe and Asia be restored; and this will depend upon concerted measures of international scope, in the planning of which Canada, no doubt, will have a part, but the precise nature of which we cannot now foresee.

The need for such a general restoration of purchasing power, in order to revivify the trade between nations, precludes all thought of a vindictive peace settlement. Justice must be carried out, in the case of all known criminals against the laws of humanity; but in their economic provisions, the terms of the coming peace must be constructive and merciful.

The foundation of such a settlement has already been laid. It is in the terms of the joint declaration, originally made by Mr. Churchill and Mr. Roosevelt in August, 1941 (and accepted subsequently by the heads of other united nations' governments), which has come to be known as the Atlantic Charter.

The Atlantic Charter

Section 4, and part of section 5 of this document, may fitly be repeated here:—

4. (The respective countries) "will endeavour, with due respect for their existing obligations, to further enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity."

"5. They desire to bring about the fullest collaboration between all nations in the economic field..."

A great part of the hopes of mankind for deliverance from want and the fear of want, rests upon these brief statements of intention. It is greatly to be hoped that no pressure of particularist interests, anywhere in the victorious countries, will succeed in whittling them down, or in diluting their meaning.

With special reference to this dominion, we hope that our government will exercise an influence, in the discussions at which sections 4 and 5 of the Charter come up for implementation, commensurate with our position, first, as one of the greatest of trading nations; and secondly, perhaps the greatest of all the sources of foodstuffs, with which to succour war victims.

IX. CONSIDERATIONS AFFECTING FISCAL POLICY

Revising the Tariff

26. If the principles quoted in the last preceding section of this memorandum are to govern international economic relations henceforward, it is logical, and indeed necessary, that they should also guide us in the formation of Canadian fiscal policy.

We do not read into these principles an implication that tariff barriers in general are to be thrown down, when ordinary commercial exchanges come to be resumed between the nations. We take for granted that there will still be customs duties.

We make five broad suppositions, as to Canada's future tariff and trading policies:

Adequate Outlets

(i) That our main objective will be to secure adequate outlets abroad for our exportable production, failing which, the Canadian domestic market for all goods, including our own manufactures, is only too likely to be narrow.

Examining the Tariff

(ii) That in accordance with this over-riding consideration, the Canadian tariff will, in due course, be subjected anew to close examination and a certain amount of revision.

Protecting Communities

(iii) That whatever tariff changes will be made, no drastic steps will be taken in the pursuance of our main objective, likely to ruin or even distress Canadian communities, which have mainly depended in the past upon local industries receiving a measure of tariff protection.

New Export Markets

(iv) That bearing in mind the great wartime expansion of certain of our manufacturing industries, which are well suited also to the satisfaction in peacetime of ordinary civilian needs, we shall desire, if possible, to find additional export markets for a part of their products.

Trade Must Balance

(v) That we cannot expect to sell abroad on a scale adequate to Canadian needs, unless we make evident at the same time our own willingness to make purchases abroad, on a scale consonant with that of our export trade. No nation can afford to lose sight of the fundamental principle that international commerce is an exchange of goods and services for goods and services.

An Over-all Tariff Revision

We make the following additional observations:

We suggest that government should give increased attention to securing that all Canadian export products shall meet the standards of quality required in the markets abroad to which those products go.

We note, as a curious fact of our political history, that while piecemeal studies of the Canadian tariff and its effects have been carried on painstakingly during a number of years (and piecemeal revisions of certain tariff schedules have been made, in accordance with such studies) never since 1879 has the structure of our customs duties been given an over-all examination.

As a result of the piecemeal building of individual schedules, the tariff is now so haphazard* as, in a large measure, to defeat its own object.

For in any given industry, which is to some extent protected against the direct competition from abroad of other like industries, we generally find that its production costs are increased, as an incidental result of other duties, on equipment and machinery, materials or supplies necessary to that industry—the protection that it ostensibly receives against competition from abroad being, to some extent, neutralized by the duties on other things that it must purchase.

In other words, our tariff structure has been built up without any conscious definition of its objects. It is axiomatic that, in the future planning of tariff changes, we should formulate in advance the purposes which the tariff is intended to realize.

We therefore strongly suggest that steps be now taken, in the light of this consideration, to have the Canadian tariff and its influence examined as a whole.

We welcome the government's initiative in opening Canadian legations in certain important countries to which accredited representatives of Canada have now been sent for the first time; and the staffing of these legations with officials competent to further Canada's commercial interests in those countries. Nevertheless, we believe that Canadian firms desiring to do business abroad, should

*And, as well, the subsidization of imports on a large scale in war-time under certain Crown Companies further complicates the problem of establishing a balanced structure of production costs in Canada.

be given increased assistance through the Canadian legations, and offices of the Canadian trade commissioners. Purchasers in foreign countries are, in all too many cases, not yet fully conscious of this dominion as a political and trading entity, distinct and independent in its own right.

Government Aids to Trade Abroad

We believe, not only that (in general) Canadian legations should be more fully staffed than at present, with qualified commercial *attachés*; but also that additional trade commissioners are needed, at key points where we do not maintain legations—in the western hemisphere particularly.

We suggest, further, that government should inaugurate studies of the changes now being brought about, or impending, as a result of recent advances in chemical, chemurgic and metallurgical research; and should hasten to disseminate information regarding these changes to business men and others interested in external trade.

The Field of Public Finance

27. Many, perhaps most of the suggestions that we have already made, trespass to some extent on the field of public finance—which therefore now demands attention.

Whatever may be the objectives of government, we should ask ourselves the question, "Does the prevailing system of taxation harmonize with, and assist the realization of these purposes?"—or, (an alternative possibility that we cannot altogether disregard)—"Is it possible that the present system of taxation is of such a kind, that it is to some extent obstructing, instead of assisting to realize, the purposes of government?"

We have already passed certain criticisms of the present system of taxation, incidental to the discussion of individual problems; and have made, in passing, certain suggestions for improving our tax structure.

(a) We have suggested that the development of town planning by municipal authorities, and the rehousing of the public in co-operation with private enterprise, may require certain changes in our methods of local taxation.

(b) We have also suggested that the budgets of government should be permitted a temporary deficit on current account, at times when a trade depression is threatened—the deficit to be liquidated when business recovery brings about a subsequent, automatic expansion of revenues.

(c) We have also suggested that, in times of industrial depression, government should permit varying rates of depreciation on capital expenditures, according to the periods when these are undertaken—this with a view to maintaining at a constant level, expenditures on durable goods, and on new capital equipment in particular.

(d) We have suggested, further, that the present structure of the Canadian tariff to some extent defeats its own object.

It is now perhaps fitting that the subject of taxation should be reviewed as a whole, in the light of the broad purpose animating us throughout this presentation.

Taxation as an Agency for Welfare

28. We repeat that, in the broadest of terms, our common objective is to maintain on the largest possible scale, in Canada, the production of the good things of life; and to see that these good things are so shared among us, as to safeguard all members of the community from want and the fear of want. We need, therefore, to secure an appropriate balance in the structure of our economy; to bring about the closest and most harmonious co-operation between government, management and labour; and to maintain in continuous employment as large as possible a proportion of the country's working force.

Our tax system should therefore be reviewed, with these three principal needs in mind.

In sum, our considered suggestions are as follows:—

Reduction of Taxation

(1) For obvious reasons the general burden of taxation should be reduced as fast as is possible, after the fighting ends. We recognize, nevertheless, that a considerable time must elapse, before we can hope to do business in a restored world market; and therefore, that it may be necessary for the victor countries, including Canada, during a period of years to continue making mutual aid appropriations on a large scale. The financing of such appropriations may set strict limits to the rate at which, consistently with prudent methods of financing, our tax rates can be lowered.

Amend Taxes on Corporations

(ii) In any case, taxation must be so designed that high levels of production and employment may be maintained; in other words, we should amend or even abolish taxes which are repressive of enterprise.

In particular, the burden of taxation on corporations cannot be maintained in time of peace at, or even close to, present levels, without serious unfavourable reactions on the common welfare.

At present, any man possessing common stock ownership, in any corporation, pays a rate of tax on the profits of that corporation, equivalent to that otherwise paid only by the rich—and the small shareholder pays this high rate of tax, no matter how small his total income may be.

We need not stress the point, at this stage in our argument, that in the general interest of all Canadians, encouragement should be given to "venture capital" from whatever source it is obtainable.

No tax which dries up the springs of enterprise should retain a place in our financial structure; we therefore believe, in principle, that the corporation tax should form no part of our tax system."

I should perhaps say there we disregard entirely the excess profits tax because that is entirely a war tax. We believe that should be taken out of the structure of our taxation, and we are talking purely of the income tax or tax on the profits of corporations, the ordinary post-war standards of ordinary taxation on the profits of companies.

"Indeed we believe investigation would demonstrate that this form of punitive double taxation produces little or no net addition to the public revenues of Canada.

We suggest that consideration be given to the British system. Under this, the corporation pays, in times of peace, what is in effect, a withholding tax, which in turn is deducted proportionately from dividend distributions to shareholders. If the tax deduction exceeds the rate to which individual shareholders are liable, a refund is granted; and if the shareholder's income falls within rates of income tax, higher than that applied to the deduction, additional tax is then collected from him.

Such a reform would avoid the present very severe double taxation on earnings derived from corporate entities.

Taxing of Averages

(iii) We believe also that the principle of levying taxes on the results of individual fiscal years is inequitable. Taxes are now payable on the full profits of successful years, giving no relief in respect of unprofitable years; and thus unduly hinder those industries which cannot make profits during periods of slack business.

At present, only losses sustained in the last preceding fiscal year may be deducted from taxable profits. We suggest that taxation should be based on an average of earnings over a period of several years; and add that this procedure would also tend to stabilize the tax receipts of government.

As an alternative, the method now used in Britain should be considered. This provides that losses may be carried forward, and set off against profits as they become available, during the six years following that in which the losses are incurred.

Losses from Obsolescence

(iv) We have already suggested that, with a view to maintaining business stability, government should permit varying rates of depreciation on capital expenditures, according to the periods when these are undertaken. In general, however, we regard as reasonable the rates at which the provision for wear and tear depreciation on certain classes of assets is at present allowed.

But when obsolescence occurs, before such assets have completed their normal working life, these rates almost inevitably prove inadequate.

The provisions of the Income War Tax Act specifically disallow deductions from taxable income, even for a realized loss resulting from obsolescence; and this despite the fact that in a number of industries, obsolescence is a more important factor than depreciation resulting from wear and tear. ✓

It is true that, in certain sections of Canadian business, an innate conservatism results in the continued use of plant and machinery till it is actually worn out, even though the purchase of up-to-date equipment would result in lower production costs or a better quality product. Such conservatism is an obvious handicap and should be discarded. Provided, however, that business is prepared ruthlessly to bring itself up-to-date, we believe that a special allowance for obsolescence, making possible the necessary changes in equipment, would have great advantages.

There is an established precedent for this procedure in the practice of the British Inland Revenue. Provision is also made for this expense in the Revenue Act of the United States.

Aid Working Capital

(v) We visualize the possibility that war-time rates of taxation over a period of years may result in widespread shortages of working capital and this, just at the time when adequate working capital is most necessary to finance the "switching" of Canadian business from war tasks to peace-time production.

We therefore believe that present methods of taxation should be modified, with a view to creating more adequate reserves, and enabling Canadian business to provide against:—

- (a) losses which will be suffered on the realization of inventories in the post-war period;
- (b) repairs and replacements which would in normal times be made currently—but which are now deferred as the result of war-time shortages in material and labour; and
- (c) necessary conversion of plants from the production of munitions to production for civilian needs.

Relief to Real Estate

(vi) We believe that an unduly large proportion of all social welfare costs is paid for by means of taxes concentrated on a single source of income—real estate; and that post-war policies of social welfare will be handicapped, or even hamstrung, unless some change is made in this regard.

We therefore repeat here a recommendation, which we submitted in Ottawa five years ago, to the Royal Commission on Dominion-Provincial Relations.

At the time of Confederation, wealth was represented mainly by land, and consequently the *chief* source of taxation was real estate. But times have changed, and the forms of wealth have been diversified. Municipalities, meanwhile, have undertaken new responsibilities for social welfare services, not contemplated when their taxing powers were granted. Overwhelmingly, the financial burden of these responsibilities has fallen upon real estate; real property values have been undermined; and new construction has been effectively retarded thereby.

The wider distribution of social welfare charges would stimulate construction activities and help materially to sustain employment.

We believe also that the *form* of real estate taxation should, in the general interest, be changed. As taxes on real estate are levied at present, they run contrary to the principle, agreed upon almost universally, that citizens should be taxed in accordance with ability to pay. For assessments are in most cases based on supposed capital values, without regard to the current rental income of property. We believe that such taxes should be fixed with regard to real property's earning power; a more equitable distribution of the tax burden properly referable to real estate would obviously thus be secured.

All on Even Footing

(vii) We believe that consumers everywhere in Canada should make their contribution to the tax revenues on a comparable basis—irrespective as to whether their purchases of goods and services are made from private corporations; or from institutions in public ownership; or from mutual, or co-operative societies. Any basis of taxation other than this, obscures the true costs of doing business, and is an influence prejudicial to business efficiency.

Annuities Tax Inequitable

(viii) We regard as inequitable the present practice of collecting income tax upon the capital part of annuities. Income, in the form of an annuity, quite obviously contains two separate and distinct elements—of which one is not income in the real sense of the word at all, but a return of capital. If annuities are to remain the subject of taxation, they should therefore be taxed on a modified basis, which takes account of this fact.

One Agency for Collection

(ix) We believe that the dominion government should endeavour to maintain, after the time now provided for their expiry, the present arrangements whereby the Department of National Revenue collects all income taxes, both for its own and for the provinces' account. Moreover, the dominion government should assume the sole collection of succession duties, even if part of the sum collected is for account of, and remitted to the provinces in order to simplify procedure, minimize the cost of collection and avoid overlapping and multiple taxation.

Uniformity of Taxation

(x) In principle, moreover, we regard as anomalous and inimical to the best interests of Confederation, the possibility that individuals or corporations in different parts of the dominion should be subject to different rates of taxation, which may vary considerably from place to place. The consciousness of a common Canadian citizenship would surely be strengthened, if all tax obligations in respect of incomes, and of estates passing at death, could be fixed on a national basis.

Law Should Govern Taxing

(xi) A simpler interpretation of the taxing statutes is obviously desirable; so that taxpayers shall not any longer be bewildered by technical rulings which

do not appear always to fall within the broad intentions of the statutes, and are often unimportant in the sums involved.

We regard it as axiomatic that, so far as possible, all the directions covering tax administration should be written into the law. New judicial decisions and administrative rulings should therefore, from time to time, be made the subject of special legislation and incorporated into the tax statutes—or else excluded from them, as the case may be. Thus, two statutes might well contain all income tax and succession duty legislation, with full provision for their administration also.

Probe all Revenues

(xii) We have already suggested that the time is ripe for an examination of the Canadian tariff as a whole. In the same spirit we suggest that, in addition to revising our system of taxation along the lines of these recommendations, government should inaugurate a scientific examination of the revenue system as a whole, with a view to removing other anomalies, and provisions tending to repress enterprise. For there are a number of taxes, not specifically mentioned here, which add little to the public revenue—but which tend by their influence to prevent business from being done, and so to narrow the field of employment for Canadians.

No Retroactive Taxation

(xiii) We believe that taxation should be levied in such a manner as to give the taxpayer an opportunity to plan and provide for such payment, and should not be applied on a retroactive basis.

X. CONCLUSION

Must Build for Mutual Trust

The problems now confronting this dominion do not permit of easy solution. Difficulties abound. Abroad as well as at home an immense task awaits us, of building and of rebuilding. From all of us, the discharge of this task will demand mutual tolerance and mutual trust. Only by the labours of us all, working together, can our difficulties be surmounted.

Nevertheless, we face the future hopefully—for we believe that the virtues of the Canadian people, backed by Canada's resources, can be matched against their responsibilities.

We repeat that it is not any part of our desire to restore pre-war conditions. We look for the creation of better conditions for all the men and women of this country.

Good Things in Prospect

We look forward to the time when each child born among us will get the full benefits of proper housing, adequate nutrition and medical care, and an education only limited by his or her capacity to profit therefrom.

We look forward to the time when a broad scheme of contributory social insurance, covering the risks of ill-health and unemployment as well as the cost of maintenance in old age, will shield all adult Canadians from the mischances of life which are not of their own making.

But of even greater importance, in our view, than social insurance against these risks, is the prevention of them.

Provision should certainly be made against ill-health. Nevertheless, our main object is preventive—to take measures which may be depended on to produce a great improvement in the general well-being of the people.

Provision should also be made against unemployment. But here again, our main object is preventive—to make mass unemployment a thing of the past; and by means of appropriate measures, to prevent the recurrence of industrial depressions.

We hope and believe that, by these means, freedom from want and the fear of want are attainable.

But ours is not an isolated economy. We have depended in the past upon markets outside Canada, for the disposal of exportable products in great quantity. We remain in this sense dependent on conditions abroad.

Therefore, the degree to which we can realize our social objectives in this dominion will obviously be determined in no small measure by the coming peace settlement; and by the wisdom and resolution which the victor nations (including Canada) then display.

Main Tasks of Government

Government's first concern (in our view) should be to make possible a resumption of world trade in foodstuffs and raw materials. On the success with which this trade can be resumed, the possibilities of improving our agriculture will directly depend. Since the purchasing power of our farmers is necessary to maintain full Canadian industrial activity, the future of the whole of our Canadian economy thus is directly bound up with the question, whether and how soon a world market for such products can be restored.

Government's second concern (we list these not in order of relative importance, but in their logical order) should be to free Canadian enterprise in Canada for the tasks ahead of it. Inasmuch as we can only consume what we produce (or what we secure in exchange for our production), the scale on which we can provide for social welfare will be conditioned, in time to come, by the size of our national income. The larger the current production of all of us, the fuller the provision that we can make, along agreed lines, against want and the fear of want.

We have already put forward a multitude of suggestions, in many fields, designed to give Canadian enterprise increased freedom; and especially, to secure the fullest cooperation between management and workers, with this end in view.

Compared with all pre-war experience, our post-war load of taxation will we know be burdensome; that is inevitable. We have urged, nevertheless, that certain reforms be now made in our system of taxation, and also that the whole of our tax structure be now studied, with a view to making sure that, no matter what the burden of our future taxes, they shall not repress enterprise, or limit the possibilities of progress."

The CHAIRMAN: Ladies and gentlemen you have heard the whole of the brief of the Canadian Chamber of Commerce. We are now open for questions. I see a few senators here, and they are quite at liberty to ask questions. We are ready for questioning.

Mr. JELLETT: Mr. Chairman, we started to read at the top of page 18. At the end of our last meeting we were rather rushed and we were permitted to read the previous section 5 on social welfare on the understanding that when the question period came to-day the questions would go back to section 5 if anyone cared to ask questions on that; so if you care to do that we are prepared to start from section 5.

The CHAIRMAN: Any questions?

Mr. McNIVEN: Mr. Jellett, I notice on page 23 you express a fear that debt legislation in some parts of Canada will have a detrimental effect upon credit in those parts of Canada. You refer in particular to legislation which

establishes priority positions ahead of first mortagage securities. I assume you have reference to the Farmers Creditors Arrangement Act and other debt legislation?

Mr. JELLETT: Not primarily; primarily what we have reference to is that we started out in this farm loaning business in the west—my company, the Royal Trust Company and other trust companies and insurance companies—and we got these first mortgages. This money was not our own. Naturally we were not large enough to have our own funds. We got this money from abroad and from Canada, issued our own obligations against it, took the money and put it out in farm loans, and gradually other things, not such as you mentioned, came to have ranking ahead of us, wild land taxes, wheat destruction, hospitals. I cannot remember them all but I do remember in one province before we got to this debt adjustment and creditors arrangement act there were thirteen charges which by statute came ahead of us so that we found instead of a first mortgage sometimes we were in fourteenth position. As far as the Debt Adjustment Act and credit arrangement Acts are concerned, I do not think we can quarrel with that in principle because the lenders that we represent have always been willing to sit down with the debtor either in western or in eastern Canada. It is going on all the time. When he cannot meet the obligation he finds out what he can do. Rates of interest were high. The standard rate in western Canada was 8 per cent. In Vancouver, for instance, it was 7 per cent and 6 in the east. For years and years we have been adjusting obligations downward where a man sat down with us and showed he could not meet his obligations. Sometimes we could make the rate lower and apply the difference to a reduction of capital, but as far as these tribunals are concerned while we naturally do not like to have the adjustment taken out of our hands we are not appearing against such adjustment. It is just the general principle of whittling away the security of a first mortgage to which we refer.

Mr. McNIVEN: Have you found in your experience that some of these taxes to which you refer were put on for the purpose of giving security and did improve the land upon which you had a first mortgage?

Mr. JELLETT: I think that would be more theoretical than true. I do not think we ever appreciated that. We always felt we were simply being put further away from our security, and further away from the means of enforcing our security. The kind of thing I have in mind on this first mortgage situation is that you ought to be able to enforce your security if your debt is not paid. You have loaned an amount that you want to recover. You are getting a certain rate of interest. You have turned it over to something else, but we are the intermediary that becomes responsible in these transactions and if you do not have rights of foreclosure the tendency is for the man who is not farming properly to be continued in a position where he really ought not to be. That farm, even the production of the district and farming conditions generally would be better if that man who could not run that farm had to give it up and we find a more able man to run it. I think it is safe to say that no loan or trust company or insurance company can ever desire the ownership of real estate. The old idea of second mortgage fanciers, people who were trying to get people into a mortgage position where they could get their land, was ridiculous because what could we do with the land when we got it? All we want is the security of getting our loans back, but we do think that if the agriculture of the country is going to be developed, the farmer like any other man should be able to borrow money for a reasonable requirement and he can never get that money from private sources where the risk is made so great that the lender cannot get his money back or enforce it.

Mr. McNIVEN: Would you suggest that the Farmer Creditors Arrangement Act has mitigated against the farmer's credit in western Canada?

Mr. JELLETT: I think if I may I would like to ask Mr. Victor Smith of the Confederation Life to answer that. He has had experience in these things. He may have some views to express.

Mr. SMITH: Mr. Chairman, I think there is no question that the Farmers' Creditors Arrangement Act has at times mitigated against the farmer, against the whole process of advancing money, because it has protected people who were not unable to pay, but who took advantage of it. The whole position in this respect is that these companies are really the middle men. They take your money on one hand, the money of each one of us that comes to the company in the form of insurance premiums and that is then turned over in loans. The insurance company is only interested in one thing, protecting the money that you have given them and to earn on that a reasonable rate of interest in accordance with the conduct of the insurance contract. The same thing applies to other than insurance arrangements. I do not believe that anyone is protesting in any way against making arrangements with a person who finds himself in difficulties by reason of poor crops. That is a continuous matter of discussion, of education and of adjustment. Mr. Armstrong of the C.P.R. can tell you more than I can of the arrangements that are being made to help farmers when they are in difficulties, to supply them with livestock, help them dig wells, help them build farms, help them repair their properties. It does not mean money so much as it does sympathy and understanding, and we have been doing that for a great many years. I think under legislation such as the Farmers Creditors Arrangement Act, provided you do not protect the man who is refusing to pay when he can pay, there is no great difficulty.

Mr. McNIVEN: Mr. Smith, I assume the moneys to which you have just referred are likewise from time to time invested in bonds and debentures of large corporations?

Mr. SMITH: Quite so, and you apply the same principle; with people who are unable to pay, you make some adjustment.

Mr. McNIVEN: What I wanted to get at was does the presence of the Companies Creditors Arrangement Act on the statute books, which has been in effect since 1932, affect the investment of trust funds in bonds and debentures of corporations?

Mr. SMITH: I do not think, Mr. Chairman, that anyone is objecting...

The CHAIRMAN: Mr. Smith, would you mind please speaking a little louder, the reporter cannot hear you; or, would you come up closer.

Mr. SMITH: I should be glad to, Mr. Chairman; I appreciate the reporter's responsibility, and the difficulties generally which the reporters labour under.

Nobody is objecting to the general principle of the Farmers' Creditors Arrangement Act; as I understand it, as a general principle; it is merely that prior conditions are such that they mitigate against the lending of money, and take away your protection. There have been many suggestions placed before the government which are quite comprehensive and voluminous dealing with the subject—but I do not know that I ought to speak about them at the moment. One of the things we have got to realize is that we as companies investing money must not invest solely in government bonds, we must proceed to some degree beyond that, into what almost might be called venture capital. You cannot go wholly into dangerous venture capital investment when you are handling trustee funds, but you should proceed in some measure into that field; and you can only do that provided there is protection say against the man who is out to do you as compared to the man whose venture turns out badly.

Mr. McNIVEN (*Regina*): And the ventures in investment bonds and debentures have on occasion turned out badly, and adjustments are frequently made whereby the principal is reduced and the interest written off?

Mr. SMITH: I think that also applies to municipalities and perhaps also to governments.

Mr. McNIVEN (*Regina*): For example, I noticed in this morning's paper an account of a proposal made by the Eastern Dairies Limited which proposed the writing off of a substantial sum of interest on bonds and debentures and makes provision for the future of these bonds and debentures and the payment of interest on these bonds and debentures if as and when available. That is one illustration of the investment of trust funds in the securities of a corporation. The point I wanted to make is that there is an adjustment being made on securities that were regarded as gilt-edged in addition to adjustments being made on western farm mortgages.

Mr. SMITH: I think it might also be said that there are suggestions in the brief of a study looking into a change of the law in regard to the reorganization of companies and so on; because the present law is not a happy one in that respect, just the same as the law is not a happy one in regard to the Farmers' Creditors Arrangement Act.

Senator BEAUBIEN: I wonder, Mr. Chairman, if I might ask Mr. Smith a question?

The CHAIRMAN: Pardon me, Senator; Mr. Bence has the floor.

Mr. BENCE: What would be the effect on the lending situation supposing the Farmers' Creditors Arrangement Act was not made applicable to the rest of the provinces, and supposing the provincial legislation were removed from those provinces?

Mr. SMITH: I think the answer to that is very simple, Mr. Chairman; that the moment there is safety for capital—that is the money you have given to us—will be freely loaned out; because we are anxious first to build Canada, and secondly, we are anxious to lend your money at a reasonable rate of interest, and pay it back to you. But I cannot say that company A, or company B, or company C will on the 1st of September or on the 1st of April or on any other date resume that lending. They have to be satisfied that this is a real change, shall we say, of heart; and the people are ready and willing and eager to see that that debt is paid. We are great believers that the farmer wishes to pay his debts; although, naturally, there are a few who do not.

Mr. BENCE: What I should like to know is this:

The CHAIRMAN: Pardon me, Mr. Bence; would you mind rising to ask your question? The acoustical properties of this room are very difficult and the reporter is not able to hear what you are saying.

Mr. BENCE: What I would like to know is this: would the insurance or trust companies and other lending institutions be reluctant to lend their capital in the light of the debt adjustment legislation which has been in effect in central western Canada for the last ten or twelve years?

Mr. SMITH: If the present legislation continued, I would say yes.

Mr. BENCE: My question was directed to the removal of that legislation.

Mr. SMITH: If it is removed and there is reasonable expectation that the removal will be permanent, or likely to be for some considerable time, lending will be resumed.

Mr. BENCE: Then I should like to know this; could you give an estimate as to the rate of interest that the lending companies would probably request from the western prairie followers?

Mr. SMITH: That is a very difficult question to answer. It depends on the rate of interest that is current at the time, provided that the expectation of

the return of the capital is as good as it is in other securities, it would be the same amount, bearing in mind the cost of collection; the cost is a little bit more always in the administration of a mortgage on a small place, say in the back country of Ontario than it is on a loan right in the city of Toronto; but, bearing that in mind, that would be the only difference, the basic rate will always be the same.

Mr. BENCE: I have this in mind in asking that question: I understand that the rate of interest to a certain extent is determined by what the lending institution considers to be the risk, and to-day the rate of interest in western Canada is considerably higher than any other part of Canada. What I should like to know is this, if during the days of prosperity the rate of interest was 8 per cent, do you not think it reasonable to expect a substantial adjustment in that rate of interest in future, provided you do lend money, or in the light of the legislation being amended?

Mr. SMITH: Well I would say, Mr. Chairman, that that depends upon what you would call the measure of venture capital. I can say, for instance, that if we were lending money on a mortgage say up in the Peace River Valley or up in the northern part of Saskatchewan we would have a different rate than we would have for say a farm near Winnipeg, because there is a difference in the expectation of the loan being a successful one; that is quite apart from the question of the extra cost.

(Statement continued off the record.)

Mr. BENCE: What I am trying to get at is this, the representations that are being made—and I have a considerable amount of consideration for those representations—representations are being made that the debt adjustment legislation, and those other items to which you refer be removed, and if that were done more capital would be available for western Canada?

Mr. SMITH: That is right.

Mr. BENCE: Well, in view of the various things I referred to, there is a certain hesitation in my mind, in believing that that will be true.

The CHAIRMAN: Senator Beaubien.

Senator BEAUBIEN: I would like to get this information from Mr. Smith if I can. In the province of Manitoba the Farmers' Creditors Arrangement Act is not in effect. Could you tell this committee how the mortgage situation stands in Manitoba; and whether you think the reenactment of the Farmers' Creditors Arrangement Act by the province of Manitoba should be proceeded with. The revenues of farms have increased materially during the last two or three years, and I would like to get that opinion because there is a demand for the re-enactment of the Farmers' Creditors Arrangement Act in Manitoba.

Mr. SMITH: May I say, Mr. Chairman, that I think that question has been answered by a publication by the Bureau of Statistics. I have a reference from the *Toronto Globe and Mail* of a few days ago in which is published a statement issued by the Bureau of Statistics, and that statement deals with the statistics of farm securities of all the provinces of Canada and it shows improvement in that position, and in Manitoba that improvement has been very good; and it shows that both in number and volume farm mortgages show a drop over the last ten years. I should say there is no need for the Farmers' Creditors Arrangement Act in Manitoba.

Then, I think the statement can be readily proved that in regard to the matter of foreclosures and mortgages that every effort is being made to keep a man on the farm. We do no want the properties, they are of no use to us; we are not farmers, we are not landlords. We are a financial institution taking your money and mobilizing for the citizens of the community, the savings of the community on the one side and to invest it for you on the other side; we do not want property.

The Farmers' Creditors Arrangement Act has had a very detrimental effect upon the young farmers. I think it can be easily proven that people are selling their farms for a substantially small amount so long as they can get the cash and complete the sale without having to take a mortgage which under the present arrangement you are never quite sure whether it is ever going to be paid; therefore, people are taking substantial losses in order to sell property for cash, and there is not the same freedom of sale; and that is a bad thing from the standpoint of improvement.

Senator BEAUBIEN: May I ask you this further question; I am not sure whether it is fair to ask you this or not; your company must have some loans to farmers in the province of Ontario, have you not?

Mr. SMITH: Yes.

Senator BEAUBIEN: In what shape are those loans to-day; are the farmers keeping up their payments, are they meeting the debt?

Mr. SMITH: Payments of back interest and advances on taxes and other monies for repairs and so on are being repaid, outstanding amounts of that type have been substantially reduced.

Senator BEAUBIEN: And in other words, mortgages are not in very bad shape on the farms in Manitoba; in Manitoba they are in pretty good shape?

Mr. SMITH: In Manitoba, yes.

Mr. QUELCH: Mr. Chairman, Mr. Smith has stated that the debt legislation has mitigated against the investment of capital in the west. I would like to suggest that debt legislation in itself is not a cause, it is merely an effect. The cause of the debt legislation is a depressed agriculture; so in reality it is not debt legislation that mitigates against the investment of capital, it is allowing agriculture to remain in a depressed condition. I would say that the main cause of the present situation we have in respect to farm mortgages in agriculture in western Canada to-day is the direct result of conditions which have meant that the farmer for a good many years now has been required to produce below the cost of production, to sell his product for prices which would not return to him his cost of production; for a long period of time now the farmer in western Canada has been receiving prices for his product which are considerably below his cost of production. If you take the whole period during the years 1929 to 1939, during that whole period with one or two minor exceptions, agricultural products have received prices which have been considerably below the cost of production; and we all know that anything that produces below cost of production is bound to fail. You can wipe out all your debt legislation; you can remove all this other legislation to which reference has been made, and so long as the price you receive for your agricultural products is below the cost of production your situation cannot improve. Therefore, I would suggest that before we can hope to restore confidence in western Canada so far as investment is concerned, we need a national policy guaranteeing stabilized prices, prices at least equal to the cost of production; and if we do that we need also to institute a system of farm crop insurance that will take care of that end of it. Put those two things into effect; a national policy of stabilized prices, and an adequate form of crop insurance, and I do not think there will be any difficulty in getting money for investment in western Canada; and then you would no longer need any of this debt legislation. But as long as things are permitted to continue in the way they have been running during the last ten years or more you cannot hope to secure any improvement in the situation. I think Mr. Smith will agree with me in what I say, I do not see how he can fail to, that you cannot hope to have any profits with agriculture until the farmer gets a return from his operation which will at least equal his cost of production.

Mr. MACKENZIE (*Ncepawa*): Might I just interrupt there; in speaking of western Canada I think you are not including Manitoba in your remarks.

Mr. QUELCH: Well, I am speaking more particularly of the situation in Saskatchewan and Alberta; Manitoba is quite a bit better off than the other two provinces in many respects. But, at the same time, Manitoba has been in the same position as the other two provinces in respect to price, and having to operate on a basis far below the cost of production. The situation of the whole of that western prairie country is that the farmers in a good many cases found that they were far better off to move off their farms, they were in a complete state of bankruptcy in many cases. I know of many farmers in western Canada who were doing very well in the early days but who have no longer been able to hold on to their farms, and who could not carry the mortgage charges. And I want to say, that that is not the result of the mortgage companies operations, it is no fault of theirs; it is the direct result of the fact that the farmer has been required to produce and dispose of his crop at less than the cost of production. And then, another thing, I do not think we can have any fair picture of this mortgage and debt situation until we have a statement before this committee which will show the total number of farms which have been taken over by the mortgage companies right from 1929 down to the present time. If we have that information it would give us a more adequate picture of what the situation really is. It would be much more adequate than just to take the number of mortgages which are in operation at the present time.

Now, one of the speakers referred to the priority of claims above mortgages; I think you will have to admit that if the farmers are to stay out of what you might call bankruptcy and be able to carry on certain advances have had to be made to them to make that possible, and those advances could not have been made unless there was a guarantee given that they would be a first charge against the farmer—I have in mind things like binder twine, seed grain, threshers and things of that kind. I do think that instead of emphasizing the special factor and thought that debt legislation should be removed that the emphasis should be placed where it belongs and that is to develop a national policy that would guarantee a stabilized price to the farmer, and an adequate form of crop insurance.

Mr. HILL: What do you mean by stabilized price, Mr. Quelch; do you mean you would have to stabilize on the average price or on an average cost of production—on some farms your cost of production might be 50 to 60 cents a bushel while on other farms it might be \$1 or more.

Mr. QUELCH: Well what I have in mind is what it would cost the average farmer, under average conditions, to produce an average crop. That is something that would have to be determined. But, if you are going to avoid the whole of western Canada becoming an area of large mechanized farms you will have to do something which will enable the individual farmer to carry on on a small holding. But, if you were to base your price level on the cost of production on the large farm you would automatically drive a small farmer into debt; and then, there is the parity price, a price which is commensurate with the price the farmer has to pay for other commodities.

Mr. HILL: What you have in mind then is, the price at which a good farmer on an average size farm can produce his commodities?

Mr. QUELCH: Yes.

Mr. McNIVEN (*Regina*): Mr. Smith, the Farmers Creditors Arrangement Act has not been in force in the province of Manitoba since 1938; have the mortgage companies been lending money to farm mortgages in the province of Manitoba since that time; and if so, in what volume and at what price?

Mr. SMITH: Mr. Chairman, I cannot answer that question offhand. I think I can say that there has been money put out on loan, but in what volume I do not know. I say, however, with regard to the other question, the ratio of foreclosures, that information is available and could be obtained if the committee desires it.

Mr. McNIVEN (*Regina*): I meant new loans being made in the province of Manitoba since 1938 on farm mortgages.

Mr. SMITH: That information could be obtained for you if you wish it.

Mr. QUELCH: Could you give me an answer to that question about how many foreclosures there have been in Manitoba; have you any idea.

Mr. SMITH: It is very small. I have not got the figures.

SENATOR BEAUBIEN: Is it not a fact that since 1938 the revenue of the farmers for the province of Manitoba has increased to such an extent that loans are not being sought in anything like the proportion they were formerly?

Mr. SMITH: I did not get that.

SENATOR BEAUBIEN: I say, is it not a fact that the revenue on farms in Manitoba has increased since 1938 and as a result of that, is it not a fact that the demand for money on mortgage has not been very great?

Mr. SMITH: There has not been a great demand for loans.

SENATOR BEAUBIEN: Has there been much of a demand?

Mr. SMITH: No.

MR. BENCE: But the demand for credit must be as great, if not greater than it was before.

Mr. SMITH: I say this whole picture from our viewpoint is this.

SENATOR LAMBERT assumed the Chair.

Mr. SMITH: We do not believe that every farmer is going to be liquidated in the western provinces. We are going to continue to have farmers in western Canada, and there is going to be continued growth on the farms not merely of wheat but of many other things; and the position ahead of us is such that we must look to the source of power on the farm, and not merely from such things as oil and so on. There are many things, there is the provision of nutrition itself and the proper feeding of people; if the idea that is now being put forward at the Food Conference in Virginia were to become effective there would be a tremendous revival of farming in wheat alone, as well as other things; because we in this country can grow these things properly and the people in Britain should be growing more vegetables and producing more milk which they lack very much, in a modern system of proper and adequate nutrition. We are not seeking to curtail credit, nor have we any such creed; at the same time we are saying that we have got to know just what our investment situation is; we cannot take your money on the one side and go out and put it to work for gain on the other side, if it is not protected.

Mr. McNIVEN (*Regina*): Is it correct that the life insurance companies have largely withdrawn from loaning on western farms during this last ten or twelve years, that they have been gradually getting out of it; is that correct?

Mr. SMITH: That is correct.

Mr. McNIVEN (*Regina*): What was the main reason for that; was it due to the legislation which was on the statute books; or, was it due to some other cause?

Mr. SMITH: No, it was due to the legislation because during that period we had no similar protection for the man in the town and continued to make loans. It is only when the legislation was extended to cover towns in some degree also that we began to hesitate about loaning even in the towns.

Mr. McNIVEN (*Regina*): It would be safe to say then that if this legislation were taken off throughout Canada you would continue to lend the money even in western Canada?

Mr. SMITH: Yes.

Mr. BENCE: Is it not a fact that at the beginning of the depression lending institutions immediately started to bring in their credit, not only in western Canada but all over Canada? As a matter of fact, I asked this question to make this statement; that as a matter of personal experience I know that in 1930 farm loans in western Canada fell off at a tremendous rate mainly I understand because of the general attitude of the financial institutions and the fear that was developing in Canada and throughout the whole world. I do not think that it is fair to state that this debt legislation in western Canada was the cause of the drastic curtailment in relation to loans when the general policy of financial institutions throughout the country at that time was to curtail credit.

Mr. SMITH: I do not think that is quite an exact statement. We have continued to make mortgage loans throughout the depression. The life insurance companies have been getting their money within Canada and there is no necessity for them to get special guarantees as is the case with companies whose investment funds come from other countries. On the other hand, there were a number of financial institutions who obtained their capital, not from the policyholders in Canada but from people abroad—in countries such as Belgium and Holland; and in view of the world situation which had been developing these people began to call in their money from Canada with the result that these institutions did not have the wherewithal with which to continue. There were other financial corporations who withdrew their money from Canada because of world-wide conditions. I do not think it had anything to do particularly with Canada except this, and I think the point is well worth bearing in mind, that if you have a corporation doing a world-wide business, such as the Dutch, they are naturally going to draw their capital from a market when the protection surrounding that capital is being infringed; they are going to continue to look for security.

Mr. McNIVEN (*Regina*): Did the life insurance companies make investment in farm credit between 1930 and 1934 in western Canada?

Mr. SMITH: Yes. I do not believe they took mortgages so much in Alberta and Saskatchewan as they did in the rest of Canada.

Mr. McNIVEN (*Regina*): And that was because of the drought and agricultural disasters of a variety of kind?

Mr. SMITH: I think to some extent it would be for those considerations.

Mr. McNIVEN (*Regina*): The legislation did not come into effect until the 1st of May in 1934.

Mr. SMITH: No, not that particular legislation: there has been other legislations, I think the first beginning—it was such a simple and easy beginning—was in 1914 in Alberta, when the legislature of that province passed an act which said in effect that a mortgage which was owned by a man in the armed forces could not be touched; that was a charge against the man who loaned him money when it should have been a charge against the state; and from that simple beginning it led right down to where we have the situation to which I have referred in the present legislation. I think it was in the 20's that most of this legislation was passed. One of the things which was done, for instance, was that if a man held two properties, you had property A and let us say he failed to pay his taxes on property B, then the taxes on property A also became a charge against property B.

Mr. McNIVEN (*Regina*): But only as to his personal property.

Mr. SMITH: That became a prior charge to the mortgage.

Mr. McNIVEN (*Regina*): Not in Saskatchewan.

Mr. SMITH: I am not sure about Saskatchewan—it was one of the provinces.

Mr. McNIVEN (*Regina*): We never went that far.

Mr. SMITH: I think you will also find that some of the companies found themselves in this position, that where these prior charges accumulated, the current value of the property thereby became substantially lowered.

Mr. CASTLEDEN: A lot has been said about the safety of capital and protecting capital but not so much has been said about the safety of the farmer and protecting the farmer. We find that same record even in the matter of government loans on seed grain, for instance, which about 1914 to 1915 amounted to probably \$18. We found now that those loans amount to \$280; which shows one or two things—one is the tendency of capital to grow rather substantially, and the lack of adequate consideration of all the factors involved. The question I want to ask is this: the farmer requires this capital to carry on certain production; he also requires labour to carry on production; if in any one year the farmer through no fault of his own finds that his labour goes for nothing and he gets no return as a result of the work by himself and his wife for the whole year—that has happened for four or five years in a row in many instances to the farmer and the family concerned. Do you think that capital during those years when farm labour produces nothing would be willing to forgo the rewards of capital for that year saying that that capital did not earn anything? I think if some adjustment such as that had been made a lot of the accumulating factors would have been done away with.

Mr. SMITH: Mr. Chairman, I think the answer to that theory or remark becomes a venture into farming and that in the poor areas you are expected to share the losses and one would be quite willing to share in the losses provided you are prepared to share equally in the profits because there are years where you may have losses for five years and then in the sixth year there is a bumper crop which makes up away over the losses of those previous years. We have cases that we know of. One was a farmer who was able to pay up all his back indebtedness and also to pay off the mortgage in one year. I think therefore if you are to consider this on the basis of an equity venture instead of as a prior debt or lien then there has got to be the other theory. You share both in the losses and you share in the profits. I know that theory has been advanced by economists and there is something to be said for it but that is not the present arrangement of mortgages.

Mr. CASTLEDEN: Capital is not willing to come in on that basis.

Mr. SMITH: They are not permitted to do it. Legislatures refuse to give us that right.

Mr. MCNEVIN: You mentioned debt legislation of various kinds that was introduced from 1914 on and Mr. Jellett also mentioned certain charges that had come in ahead of the first mortgage in those areas. Is it not a fact that mortgage companies loaned heavily on western farms in the 20's with a full knowledge of all those prior charges? That was your heavy lending period in all three western provinces.

Mr. SMITH: I think that is true. I think it is because we are all usually optimistic as to what the future of those tendencies is. We think perhaps they are better and we always think they are going to turn out better, that the trend will be for the better rather than for the worse.

Mr. MACNICOL: Mr. Chairman I have been very interested in listening to the arguments for and against the Farmers Creditors Arrangement Act. I have profited by the discussion, and I have got an insight into that problem which

I did not have before. Mr. Smith has been quite good in giving his explanations and answers. I want now to take the committee back to the original purpose of our committee, namely the provision of means to find jobs when the war is over. I want to go back to page 5 of this very fine brief submitted by the Chamber of Commerce. I want to try and find out if the members of the Chamber of Commerce present have any definite proposals in mind. Under the public works section they make a very good suggestion that the government should now prepare with a view to putting them in hand, that is public works, as soon as the process of demobilization begins, certain public works of a long-term character. During the last few days many of these gentlemen I know have read in the Toronto papers of what a fine job the Shand Dam did on the Grand river. I read an article a few days ago on the first test of the Shand Dam. It was built at a cost of about \$2,000,000 and it has recently prevented a great flood that would have occurred on the Grand river in the course of which flood damage would have been done in Galt, Brantford and elsewhere, except for the Shand Dam. I would like to find out if the Chamber of Commerce would itself undertake to promote similar works? I do not mean to finance them but to suggest them in communities throughout Ontario and all other provinces. Most of these gentlemen come from Ontario and I will confine my remarks to Ontario. Would you undertake to suggest similar works on rivers of Ontario to eliminate floods, not by paying for them, but persuading municipalities and provincial governments and the dominion government to provide further flood control works?

Mr. JELLETT: Yes. The Canadian Chamber of Commerce is encouraging the formation of local Board of Trade committees. We hope there will be many of them all over the country. Many are already operating and they would be the very people who would include in their community committee all these interests who will see that can be done. Take the Ganaraska river at Port Hope and the Northumberland valley near Cobourg. We would hope to encourage such developments through local committees of boards of trade.

Mr. MACNICOL: I was thinking of the flooding on the Thames river.

Mr. JELLETT: They are all over. I was up to Windsor last week and the waters are over the banks of every stream and ditch.

Mr. MACNICOL: What can the Canadian Chamber of Commerce do to persuade all of the interested people, that is, the municipalities first, the provincial government second and the federal government third, to send engineers to the Thames river watershed in Ontario immediately to prepare plans and specifications so that immediately the war is over contracts can be let that would employ men at once? That is our job. We have got to provide for the immediate employment of men after demobilization.

Mr. JELLETT: All the Chamber can do in that regard is through local board of trade committees to enlist the force of public opinion.

Mr. MACNICOL: You have a branch in the city of London?

Mr. JELLETT: Yes.

Mr. MACNICOL: You could get your London branch to do it.

Mr. JELLETT: The London Chamber of Commerce is well organized with a reconstruction committee.

Mr. MACNICOL: And Woodstock?

Mr. JELLETT: No.

Mr. MACNICOL: Stratford?

Mr. JELLETT: No. There are many in Canada that are now operating, Winnipeg, London, etc. There are a good many started but we have not at all covered the country.

Mr. MACNicol: That is something that can be done. Chatham flood time is always in imminent danger.

Mr. JELLETT: Yes, I was there last week.

Mr. MACNicol: I have seen water go right up to the main street of Chatham. If it rose another foot it would cause \$1,000,000 damage and yet \$2,000,000 will complete the whole program. If the Chamber of Commerce would exert its influence through the municipalities at Stratford, Chatham, London, Thanesville, Wardsville, Woodstock, Ingersoll, and all the towns in that valley, that would be a start.

Mr. JELLETT: That is within the purview of these committees we are setting up.

Mr. MACNicol: But it could be, could it not?

Mr. JELLETT: I think it can be done. We are recommending it.

Mr. MACNicol: I think that is one step in the right direction that would mean a lot of employment. That is our job, to provide employment.

Mr. MCKINNON: I notice on page 34 you say:—

We have already put forward a multitude of suggestions, in many fields, designed to give Canadian enterprise increased freedom; and especially, to secure the fullest cooperation between management and workers, with this end in view.

The other day Mr. Neal presenting the brief for the C.P.R. went quite a long way in stating his appreciation of the many years of cooperation that their company has had with their employees through their labour organization. What steps is the Canadian Chamber of Commerce taking, if any, in regard to securing that cooperation between management and workers?

Mr. JELLETT: We presented a brief to the War Labour Board which has been handed, as a sort of addition to this brief to every member of this committee. No doubt you have that. That has been our representation to the War Labour Board. It is too lengthy for me to deal with now, but it is there.

Mr. MCKINNON: In a few words, you believe in management cooperating with the organization set up by the employees?

Mr. JELLETT: Yes. You will find at any qualifications of that are simply a question of making sure that the representation is genuine and standing and will not be reversed after you have made your arrangements. We have accepted the principle; we are for the principle of collective bargaining. That is in the brief.

Mr. MacNicol: I will ask another question. On page 18 you have a very fine presentation about the relation of international currency after the war and the possibility of settling on an international unit. I am sure that many of the members of the Chamber of Commerce here present are acquainted with Peter Robertson, Esq., of Milton, Ont., who is the father of this whole international finance scheme. I am sorry to say that down in Washington and over in London others are claiming credit for what Mr. Peter Robertson fathered. Mr. Robertson came here during the great depression. He was the man who suggested to the government of the day, 1932, 1933 or 1934, the proposal to revalue gold. I am sure some of you gentlemen must have heard of Peter Robertson. If you have not I would suggest that your Chamber of Commerce invite him to address you in Toronto because he was backed up by many members of your chamber. It was his proposal that really started us out of the depression. I believe you have got something there in having a revaluation of gold and having an international unit.

Mr. JELLETT: Unitas and bancors.

Mr. MACNICOL: I think Mr. Robertson named his international unit Rex. That is a suggestion I am going to make, that you invite Peter Robertson to address your Chamber of Commerce. He has addressed many organizations. Let us get on with this business because I read this morning where sixty-seven mines have been closed down recently. You cannot close a mine down without throwing men out of work and you cannot start them again unless there is some inducement for men to put capital into these mines in the hope that they are going to get something out of them.

I have another question. On page 20 you have another suggestion as to the development of synthetic industrial products. I am just wondering what the Canadian Chamber of Commerce can do in that regard.

Mr. JELLETT: Mr. Clinton Henderson, who is a produce merchant in Montreal and a director of the Chamber, is quite familiar with that, and with the chairman's permission I will ask him to speak on that.

Mr. MACNICOL: And he can suggest what synthetic products he has in mind.

Mr. HENDERSON: Mr. Chairman, there are a number of things in mind but perhaps I can best put it by saying that at the present time there is being converted into industrial alcohol some seven million bushels of wheat this year, something we had never done before. There is also being converted into starch and pastes and things of that sort a considerable quantity of potatoes in the maritime provinces that were unfit for food or became unfit for food. Perhaps in the light of the scarcity at the present time we took a few too many but these things must always be arranged from time to time. There are a great many other things under consideration which we are trying to develop. We are trying to develop the growing of agricultural products that will produce fats and oils. We are very deficient in those at the present time. We are trying to have more grown in Canada, and it is so all down the line, the things we are short of we are trying to develop from the farm. Of course, behind all this, and perhaps the largest outlet, is that we could use alcohol made from agricultural products instead of gasoline. That is some distance in the future, but it is coming every day.

Mr. MACNICOL: It has arrived in the United States.

Mr. HENDERSON: It has arrived in the United States to some extent, but those are things we are working on. I would like to give special credit here to General McNaughton who was very interested in these matters and helped us a great deal to get the National Chemurgic Committee of the Chamber started in 1938. It was largely at his instigation that our chemurgic committee was set up. We hope that there will be many branches develop throughout Canada, each working on the problems of that particular district. I do not think we have a stronger supporter or a more informed advocate to-day than the manager of the experimental farms.

Mr. MACNICOL: May I ask two questions? First, in reference to what you said about the development of industrial alcohol from wheat, that is important, and as a member of this committee I am sure that the whole committee is anxious to assist the west to recover itself. As you know before the United States Senate Committee Standard Oil detailed how they produce alcohol from wheat, how they make from that alcohol butyl with which they make rubber. Is it possible for the Chamber of Commerce in Canada to take up that subject—I do not think it has been taken up yet—and develop it, perhaps be the beginners of the production in Canada of the basic of rubber, butyl from the alcohol produced from wheat.

Mr. HENDERSON: Our committee's Vice Chairman, Dr. McFarlane of MacDonald college, has only recently made a very careful investigation of the status of that industry in the United States. He is on holidays beginning at the present time and running to September. He is preparing a brief on that question

which we hope to make available to everybody interested in Canada. Every member of the house and of the senate will receive a copy.

Mr. MACNICOL: May I ask one further question? That has to do with alcohol from wheat. In the maritimes we have a great coal district where we have had serious depressions, too many unemployed, too many people suffering. Is there anyone in your research branch working on the idea of making oil from coal? Everybody knows what Germany has done. They are now producing 150,000,000 barrels a year out of coal. We can do it. The Germans did it. We can do it. If we are not, we ought to be doing it. If oil can be produced from Nova Scotia coal that will solve the gasoline problem down there and instead of getting one or two gallons on a coupon they will get nine or ten.

Mr. HENDERSON: As a matter of fact, I think we have to some extent overlooked the eastern end. We were giving our major attention to the large deposits of even lower grade coal in Saskatchewan, and various places in the west where soft coal is available, and we wondered whether that could not be used. We have not turned particularly to Nova Scotia in our studies yet because we have been short of coal.

Mr. MACNICOL: I mentioned Nova Scotia but I had in mind also Saskatchewan at Estevan and Alberta where they have over a fifth of the world's coal supply. We are sleeping at the switch. We have not been taking advantage of the wonderful God-given resources that we have. There should not be an unemployed man in the country after this war.

Mr. HENDERSON: These deposits have come under our observation and study but we have not studied it as much as we would like.

Senator HORNER: I may say first of all that the agricultural part of this brief is very disappointing to me. There is nothing new, no change in the present system of marketing farmers' products. The mortgage question was discussed a little while ago. I would like to have a statement made as to the reason why these farmers put on mortgages. In many cases good farms were got for \$10, and I think 50 per cent of the money went on the grain exchange. People were forced off the farms and their money went down on the grain exchange. Everyone seems afraid to mention it but why must you keep up the largest gambling den in the world in a country like this? At the present we have a market for vegetable oils in Canada, our own market. We can get now \$2.25 a bushel for flax and we could always supply the world but we could not grow it at 40 cents. According to the agricultural part of the brief the only hope we have to raise our standard of living is to raise the standard of living of the millions of people throughout the world to equalize matters or else we will come down to their level. If we allow these vegetable fats to come in the way they did in the past and reduce our fat hogs to 1 cent a pound we will come down to that level. Unless we have a hope of at least maintaining our own markets with a better system of distribution and marketing I see no hope for agriculture.

Mr. HENDERSON: Of course, conditions throughout the world will always have an effect on us. What is the Atlantic charter but a hope that the peoples of the world will have their standard of living raised, and we hope to our standard of living even in the poorest countries. That is the objective. It may be far away.

Mr. Ross (*Calgary East*): Can alcohol be produced profitably from wheat?

Mr. HENDERSON: I do not think so at the present time.

Mr. JELLETT: Just war needs.

Mr. HENDERSON: But wheat is not the only thing from which it can be made. Acres which produce wheat can be used for other things that will produce a much larger volume of vegetation and produce oil from that. It does not matter to you whether you grow wheat or something that pays you better than wheat.

Mr. Ross (*Calgary East*): What can farmers grow from which alcohol can be profitably produced?

Mr. HENDERSON: I just do not follow you.

Mr. Ross (*Calgary East*): What can farmers grow from which alcohol can be produced profitably?

Mr. HENDERSON: Almost any vegetation, almost any vegetable substance under certain circumstances. In fact, one of the cheapest things from which we can produce alcohol in Canada today is waste material from the processing of pulpwood. It is a vegetable matter from the wood.

Mr. Ross (*Calgary East*): From pulpwood?

Mr. HENDERSON: From pulpwood; anything that has a vegetable origin will produce alcohol.

Mr. Ross (*Calgary East*): Farmers do not grow pulp. Confine yourself to farmers. I am thinking of the farmers of western Canada particularly.

Mr. HENDERSON: Any coarse grain that will produce a large crop of vegetation is very suitable. That is a thing we are studying, especially the department of the experimental farm at the present time. We do not claim to have found all the answers yet. It is purely study and yet in the hands of the chemists.

Mr. Ross (*Calgary East*): Can you name one grain from which alcohol can be produced profitably for the farmers?

Mr. HENDERSON: I do not think so at the present price of extracting gasoline, but in the United States where the studies have gone further they claim they can do it from corn and several other products.

Mr. Ross (*Calgary East*): They can do it for war purposes, but can they do it from corn over in the United States for commercial purposes under normal conditions?

Mr. JELLETT: They cannot compete with molasses.

Mr. HENDERSON: They cannot compete with by-products at the present time. They cannot compete with the gasoline they are taking out of the soil, but they are using up the gasoline assets over there. There will be an end to it some time.

Mr. Ross (*Calgary East*): The farmer cannot compete with molasses.

Mr. HENDERSON: I think you are right. We have not found a way.

Mr. Ross (*Calgary East*): Can it be taken from coal at a profit?

Mr. HENDERSON: I do not know.

The CHAIRMAN: He was asking you a question, whether it could be taken from coal.

Mr. HENDERSON: We do not know. Our chemists have not gone far enough to give you a decided opinion on that.

Mr. MACNICOL: In Germany they are producing oil at $2\frac{1}{4}$ cents a gallon out of coal. That is very reasonable.

The CHAIRMAN: Any further questions?

Mr. QUELCH: Mr. Chairman, I want to refer to page 25 at the bottom regarding trade balance. It seems to me there is a certain contradiction here because the brief stresses the fact that we should depend upon private enterprise to maintain full employment and then it says that we must balance our export trade; yet in the past we have always tried to maintain a favourable balance of trade in order to maintain full employment within the country. I just want to give a very short quotation from a speech by Reginald McKenna in proof of that statement. This is a statement he made to the American Bankers Association on October 5, 1922. He states:—

For over two centuries British capital, that is, credit, has been lent to other countries; year by year England produced more than she either consumed herself or could exchange for the products of other nations, and she could not obtain a market for the surplus unless she gave the purchaser a long credit. Foreign loans and foreign issues were taken up in England and the proceeds were spent in paying for the surplus production. British factories and workshops were kept in good employment, but it was a condition of their prosperity that a part of their output should be disposed of in this way.

For two centuries Britain maintained prosperity and full employment by maintaining a large favourable balance of trade. 1914 saw the end of that era. Canada before this war in order to try and maintain full employment maintained on the average a favourable balance of payments of around \$218,000,000, say from 1935 to 1939. The Chamber of Commerce says that we should have an even balance of trade and I agree because if you try to force your goods on other markets you will merely cause war, but I would stress this; do they not agree in order to maintain an even balance of trade and at the same time have full employment you will have to maintain effective demand against your production internally or the production of other nations for which our production can be exchanged, and in order to bring that about the government will have to be prepared as a permanent program to maintain a sufficient volume of capital projects, money paid out, instead of projects that will create a demand for goods that the people cannot buy, not merely a temporary program.

Mr. JELLETT: I would like to have Mr. P. C. Armstrong, an economist of note, speak on that. As far as I am concerned I am inclined to agree all the way. That sounds reasonable to me.

Mr. ARMSTRONG: The last time that Mr. Quelch asked me a question I wanted to be short. I did not make a speech.

The CHAIRMAN: Of course, it is an answer that is required.

Mr. ARMSTRONG: I would take exception to that theory as being automatically true. It does not seem to me it matters whether the government provides any employment provided employment is provided.

Mr. QUELCH: It has got to be ready to step in.

Mr. ARMSTRONG: Quite obviously the government must be ready to step in to provide employment if private enterprise fails to provide an adequate volume of employment.

Mr. QUELCH: It has failed in the past.

Mr. ARMSTRONG: That is perfectly true from time to time but it has not been the general rule that private enterprise was unable to provide full employment. There have been occasions where it did fail.

Mr. QUELCH: Could it with an even balance of trade?

Mr. ARMSTRONG: And it could with an even balance of trade. What is the objection to it? Suppose there were only two countries in the world, England and Canada. If in each of these countries each is producing as much as it wants and as much as it wants to trade with the other country you get your balance of trade without in any way interfering with the possibility of full employment. There is nothing wrong with the machinery, as I see it, Mr. Quelch. I do think in the past there was a great deal wrong with the use of that machinery, and if I may take exception on that point I think there is actually too much inclination to worry about the machinery having been wrong. I think it was the use of the machinery. I think it is quite possible to use that machinery quite intelligently and easily. As far as I am concerned I know no reason why the govern-

ment should continually have to furnish a contribution to employment in a nation. I do believe it is absolutely essential if employment falls to the point where men are going to be on the street, but I believe that we are not going to fail, that we are not going to have to rest on unemployment insurance as a perpetual thing. That is only a temporary thing. That is only to carry a fellow over. And if private industry fails to perform its function then the government will have to step in; and I may say that I am very far from being anything in the nature of a socialist or a communist or anything of that kind, but I do not believe in government operation of any kind, if any other means can possibly be found for getting it done. But I do believe in people, and you will appreciate of course that the fundamental conception of the government is that the government is the people; but when it comes to the government operation of industry to insure this end, I do not believe in that at all. I believe that we can arrive at full employment; but we have always to remember that governments are only the people and have to do for the people what individuals fail to do.

Mr. QUELCH: In other words, they would have to step in at the first sign of a falling off; just as soon as it became apparent that private enterprise was not going to be able to provide full employment the government would have to step in and take such action as would avoid the development of that danger.

Mr. ARMSTRONG: No, that would not be exactly my view. The one thing the government must do if it wants to maintain confidence, is not to be always threatening to step in, or constantly urging that it is going to step in, because that would take the confidence of private enterprise. The first function of the government should be to give all the support it can to private enterprise and then only when they see that private enterprise cannot hope to cope with the problem should they come into the picture. One thing that should be avoided above all else, is any step on the part of the government which will frighten private enterprise out of its proper field.

Mr. QUELCH: On the other hand, if the government promises to step in where there is a falling off, will that not help to develop the confidence that there will be no unemployment?

Mr. ARMSTRONG: But that is quite a different matter, that is only the government stepping in where there is a necessity and where the need arises; that is quite a different matter from the government continually and constantly threatening to step in. It is important to see that these things which probably are the responsibility of private enterprise remains so, that private enterprise remains private enterprise. But when it becomes clearly apparent that private enterprise for some reason or other—perhaps external trade conditions, for instance—are not going to be able to maintain employment, the government should act quickly and substantially at that point and not wait until there is created a condition of general unemployment and alarm. I quite agree with you on that point.

Mr. QUELCH: I notice that we have full employment twice during two wars, and that was mainly because the government had to step in and that resulted in the greatest volume of purchases of both material and labour the country has ever seen and we had full employment and no unemployment as a result.

Mr. ARMSTRONG: Sir William Beveridge was right substantially on that point; but, on the other hand, remember that another English economist used a very telling phrase at that point; he said a number of people have been complaining because we had a depression between two great wars, and that maybe that was very much like a man describing the headache he had between two drunks and which came from being sober.

Mr. QUELCH: I hope we do not refer to the term full employment as being a drunk.

The CHAIRMAN: No.

Mr. MACKENZIE (*Neepawa*): In the brief here exception has been taken to the various revisions of the tariff that have been made from time to time, speaking of it as piecemeal; then they go on to say on page 25, "—the Canadian tariff will, in due course, be subjected anew to both examination and a certain amount of revision", and in the next paragraph they refer to protecting communities. I wonder if Mr. Jellett or Mr. Armstrong would care to comment on that.

Mr. JELLETT: I think I should deal first with what you said about revisions heretofore having been piecemeal, not in accordance with a general plan; the thought there (in the brief) is that a certain amount of revision would be the result of this general examination, it would not be just taking one certain schedule. We have always been a little afraid of that.

Mr. MACKENZIE (*Neepawa*): I do not think it has always been revised piecemeal as you suggest.

Mr. JELLETT: There was one general revision back some years ago when Mr. Moore was chairman of the tariff board.

Mr. McDONALD (*Pontiac*): Can't you set your mind back a little further than that to the time of the Laurier government when in 1896 there was a complete revision of the tariff and the Fielding amendments? The statement was made that there has been no revision since 1896 practically of customs duties—if my memory serves me rightly there was a very thorough examination of the situation at that time.

Senator LAMBERT: And in 1920 there was also the Drake commission.

Mr. JELLETT: I could not answer that; perhaps Mr. Armstrong could.

Mr. ARMSTRONG: There has not been any serious overall consideration of our tariff that has been well done since 1879.

Senator LAMBERT: What about 1920?

Mr. ARMSTRONG: There has been no comprehensive review of the customs structure, I think I am safe in saying, since 1879; but there has been a very comprehensive review of the rates of tariff duties.

Mr. MACNICOL: Of the basic principle.

Mr. ARMSTRONG: What I mean is this, that there has been no review from the standpoint of the philosophy of the tariff in a non-political atmosphere.

Mr. MACNIVEN (*Regina*): You would not suggest, Mr. Armstrong, that the revision of 1879 was made in a non-political atmosphere?

Mr. ARMSTRONG: I think on that point—I was talking to some friends last night and a very interesting fact came up; it was that some years ago there came into my possession and afterwards was passed into the possession of a gentleman formerly connected with Canadian politics but not now resident in this country, a photographic copy of a letter from the late Sir John A. MacDonald in which he stated, with respect to the situation as it existed in 1876, speaking with respect to this matter of the tariff, that the only reason for believing that we must have a national tariff was that he was unable to see that we could ever make a trade agreement with the United States which they would guarantee to maintain. And to my mind that is one of the great letters of Canadian history. It proves that Sir John A. MacDonald wanted it taken out of the field of politics entirely. And it is remarkable that at that time both political parties were thinking of doing the same thing. That is just a little bit of political history. The point is that we have never had a philosophical discussion as far as I am aware of tariff policy. We have had revisions of rate schedules, but that is a different thing altogether.

Mr. MACDONALD (*Pontiac*): But we have had nothing like adequate economic consideration of it.

Mr. ARMSTRONG: No, we have had no discussion on the philosophy of the tariff.

Mr. MACNICHOL: And is it not a fact that in any examination of the tariff consideration must be given to the cost of living and wages in one country as against another. I am not in favour of tariff which seeks to exploit people, but I am in favour of a tariff which will allow our men to have the opportunity of working by adjusting the tariff so as to assure work to labour in Canada; say, so that if a man in Canada who earns \$3 a day has to compete with a man in Czechoslovakia who is only getting \$2 a day—and I merely use Czechoslovakia for purposes of illustration—if we lower our tariff to reach the production costs in Czechoslovakia the natural consequence would be to lower Canadian wages and consequently to lower the Canadian standard of living to that of Czechoslovakia; we cannot do that because we have a colder climate, longer winter and need more clothing and better clothing—I have always looked on the tariff not as a means of exploiting, but rather as a means of adjusting the cost of production in one country as compared to another.

The CHAIRMAN: May I ask a question? You mentioned something about a philosophical study of the tariff; now, I was wondering—in British Columbia a great deal of our economy depends on the movement of traffic north and south; would a tariff readjustment permit that to take place across the boundary say between British Columbia and the Pacific states of the United States. Would a tariff readjustment permitting north and south traffic be considered wrong or right in a philosophical study of the tariff?

Mr. ARMSTRONG: If I were to make a philosophical study of the tariff—and I am afraid the government would not retain me for that purpose—but if they did, my recommendation on tariff revision would start with this—and I believe in what Adam Smith has said on revision—each country would produce those things which it is best fitted to produce, and the interchange of commerce would be reorganized on that basis. I take it from there and say that local conditions in each country make it impossible for us simply to adopt that as a principle without such grave disturbance that even a non-political authority would hesitate to recommend it. I have no hesitation in calling to your attention a remark made by my distinguished chief, the late Sir Edward Beatty, with reference to trade on the North American continent when he said that Canada is alongside of the greatest protectionist nation in the world and one of the most prosperous nations in the world and must of necessity follow that example—and we on this continent at least know that it is the protectionist system of the United States that has brought about its great prosperity.

Mr. Ross (*Calgary*): Do you say that in spite of the developments in recent years?

Mr. ARMSTRONG: That is argumentative, but however that may be there is no question that she owes her prosperity and development to the great expanse of territory which is hers and the fact that that great area has been protected sufficiently to permit that development.

Mr. Ross (*Calgary*): There is no disputing the fact they have an enormous free trade area.

Mr. ARMSTRONG: Exactly. Going back to the main subject; Sir Edward Beatty then said: our position in a government alongside that great industrial and wealthy nation has made it absolutely necessary for us to maintain an economic system not too dissimilar from theirs. And that is the point which we have all seen in the history of this country, that we have been dominated in our

thoughts by the fact that the United States is alongside of us and we have got to maintain wage standards, social standards and living standards somewhat comparable to theirs.

Senator BEAUBIEN: But if you adopt the Atlantic Charter everyone will be equal.

Mr. ARMSTRONG: Well, just to be frank, if I were making a report to the government on this matter I am afraid I should have to advise them to adopt the Atlantic Charter as an ideal—

Mr. MACKENZIE (*Neepawa*): Would not a lot of Sir Edward Beatty's principle be due to the fact that his railway lines ran from east to west?

Mr. ARMSTRONG: I am not thinking of this matter essentially as a railway man. Canada will always have to give consideration to foreign trade, whether the movement were east or west or north and south. Perhaps there has been a greater movement from east to west and west to east developed in Canada because of the fact that the legislation down there maintains a tariff against us and we cannot ship our stuff into the United States, with the result that we have to ship it somewhere, and that is why we built our railways.

The CHAIRMAN: What about the thought of the north and south traffic in the west, on the coast?

Mr. ARMSTRONG: So we arrive at this again, Mr. Chairman; our tariff would always have to be in this country a matter of cut and fit, a matter of adjustment. It is always going to be a difficult problem with us until we arrive at the ideals of the Atlantic Charter; and we have to trade all over the world. It is not in any sense an easy task, and each district in the country has to be considered; and we have to bargain with Washington, we have to try to get them to buy certain things from us, even the things they do not quite care to buy because they can get them somewhere else. Now, as to British Columbia; enormous benefit would rebound to your economy if you could get admission to the United States for your products.

Mr. HILL: And the same for the maritimes.

Mr. ARMSTRONG: And the same for the Maritimes, yes. All over the country you have these difficulties. It is a question of cut and fit, in which we are not a free agent. We cannot go and make our tariff except in collaboration with Washington, to put it that way. And might I suggest as a non-political approach to the tariff idea, that we should stop thinking of the tariff as we have in the past considering it largely a matter of black or white—you know what you have on a checker board, you have to have a certain number of black squares and you have to have a certain number of white squares and the black squares have to be in their place and the white squares have to be in their place—and that is the way in which we are inclined to think of the tariff. A tariff in this country is a difficult problem, and it is one that requires most delicate handling to get the best out of it. It has not been so unsuccessful probably as far as we have handled it; do not be too pessimistic about what we have accomplished; but, as a free trader, I am going to say that we are a long way short of what we could have. And, may I point out this to you, that on the basis of international relations this country imports more goods per capita, considerably more goods per capita, than do the people of the Argentine Republic. And now, the Argentine Republic is not industrialized, it is only now beginning to industrialize itself.

Mr. MACNICOL: And the standard of living is not as high as ours.

Mr. ARMSTRONG: In the past Argentina has always depended on the freedom of its products to enter the markets of the world, being sufficiently far from the United States not to be affected by what they are doing; and still the Argentine Republic does not import as much as Canada does per capita.

The CHAIRMAN: And Argentina has a much lower standard of living.

Mr. ARMSTRONG: It has been one of the results of our process of industrialization. We have improved our economy. We have developed our economy more.

Mr. MACNICOL: More diversified.

Mr. ARMSTRONG: You see my point. Therefore, I would be very cautious in approaching the question of tariff at all times. You see what a good adviser I would be, Mr. Chairman, because I would be very cautious about it. You have got to cut and fit on this thing. You have got to create good will.

Senator BEAUBIEN: May I just offer a suggestion? If those are the views of the Canadian Chamber of Commerce they have got a lot of educational work to do in order to convince a large percentage of the Canadian people that they must sell their commodities in the open markets of the world in competition with labour that has a much lower standard of living than we have, and still buy the commodities they need in a protected market of some kind even if the tariff is small.

Mr. ARMSTRONG: We are up against that problem. We are going to have to solve that problem.

Senator BEAUBIEN: By education.

Mr. ARMSTRONG: No, not only by education. You are not only going to train people to do that. We may have to train them by assistance in certain cases. There have been times when I would have considered the country would have been quite justified in assisting large groups of our population who found themselves hit badly by exactly this condition which was not their fault and not the fault of the nation either, if I may say so.

Mr. HILL: With reference to our trade with European countries after the war I think we all expect to have quite a large volume, and in view of the conditions that they are going to find themselves in financially about the only thing they will have to offer is labour and service. Therefore, will it not be absolutely necessary for us to take back from them an equal value of goods which they are able to manufacture which perhaps we do not produce or which they can produce cheaper? Otherwise you will have to advance them money to buy our goods.

Mr. ARMSTRONG: Professor Gilbert Jackson made a very wonderful suggestion quite early in the war which was that at the end of the war if we had any surplus food we ought to give it away. I think we ought to start with that. That would be a great help but I am only afraid, if I may say so, that we are not going to have as much food as we thought we were at one time.

Mr. HILL: Who pays for the producing of that food?

Mr. ARMSTRONG: We have already paid. We have bought wheat from the farmers. Take wheat as the big item. Canada has bought wheat from the farmer. He has been paid for it and the Dominion of Canada now owns it. You and I and all the rest of us will have to give it away.

Mr. HILL: That is only wheat. They have not bought other things?

Mr. ARMSTRONG: No, but there is nothing else to buy where there is any surplus, and not much of a surplus of wheat in sight.

Senator HORNER: During the years before the war when you were importing hundreds of thousands of tons of vegetable oils and linseed the farmer was not getting an equal share of protection even for his home market, and that was being replaced with goods manufactured in eastern Canada and exported to the different countries. We were reduced, as Mr. McNiven mentioned, to no wages at all and no market for our produce, which could very well be produced here, in this country. That was through lack of proper protection for us.

Mr. ARMSTRONG: We all know we are up against these difficulties in this country particularly wherever we turn and all I can suggest is that what we want is a little more of a friendly and national approach to the problem.

Mr. MACNICOL: I was going to ask if the Canadian Chamber of Commerce had thought of any scheme to assist more industrialization in the west, industrialization to manufacture or process what they produce out there, the products that are common to their part of the country? They ship them away. They bring a lot of them down here now. Of course, I would not want to do anything to hurt the industrial east but I see no reason why we cannot increase industry in the west and give them a chance to have a larger home market for their farm products. There is no place to sell their goods. If something could be done along that line they would get better prices for what they produce. I am wondering how we can help to lift the west up.

Mr. JELLETT: I think that we all believe that our whole situation would be happier if we could do that. Take cities like Calgary, Edmonton, Regina. Perhaps through diversified agriculture we may get enough density of population to counteract freight rates, etc., and establish local industries, and that is the most desirable thing that we can have in Canada. Nearly all our difficulties about tariff go back to that.

Senator BEAUBIEN: Is that not a question of increased population?

Mr. JELLETT: Largely; it is pretty hard to say how you could artificially establish an industry. It might be diplomatic to do it but we are still talking about capitalization as we know it and the profit motive. I am not running the Dominion Textile but suppose I were and we thought it would be a splendid thing if we could have a textile mill in Regina. So it would be, but the textile people go where there is water power and where there are all sorts of things that do not necessarily exist in Regina.

Mr. MACNICOL: We are going to try and get water power there.

Senator BEAUBIEN: Let them come to Winnipeg. We have got lots of water power there.

Mr. JELLETT: I think it is an economic question. These things ought to be established wherever they can be made to operate on a competitive basis.

Mr. MACNICOL: On page 30 the brief contains a very important statement.

We therefore believe that present methods of taxation should be modified, with a view to creating more adequate reserves, and enabling Canadian business to provide against: (a) losses which will be suffered on the realization of inventories in the post-war period; (b) repairs and replacements which would in normal times be made currently, but which are now deferred as a result of wartime shortages in material and labour; and (c) necessary conversion of plants from the production of munitions to production for civilian needs.

I am in accord with that. I take it from that there is something that prevents business in Canada from piling up adequate reserves. Having been in business myself I know that you should carry adequate reserves. What can be done to enable the piling up of adequate reserves?

Mr. JELLETT: I would like to suggest that Mr. Harold Crabtree speak on that because he is familiar with it. He is the president of the Howard Smith Paper Mills.

Mr. CRABTREE: Mr. Chairman, I think that perhaps there is no more important question before the manufacturers of Canada at this time than that very subject. I would refer you to a question on page 27 of the brief which asks: "Is it possible that the present system of taxation is of such a kind that it is to some extent obstructing, instead of assisting to realize, the purposes of the government?"

Mr. MACNICOL: On page 27?

Mr. CRABTREE: On page 27 under "The Field of Public Finance." What are the purposes of government referred to there? I think it can be taken for granted the real purposes of government are the purposes of industry because we are talking about reconstruction in the post-war period as the creation of the greatest amount of employment we can possibly create.

Mr. MACNICOL: That is it.

Mr. CRABTREE: Not only have we got to create employment under uncertain conditions, because competition may be very keen, but we have also got to see that we maintain as high a standard of living as we possibly can while giving the greatest amount of employment. We may be faced with extreme conditions, low prices, and the question naturally rises in the minds of all industrialists, how are we going to meet those conditions? There is only one safe way, with which I think you will all agree, and that is by keeping strong and healthy the instruments of production.

Now then, may I refer to page 28 under "Amend Taxes on Corporations." It states: 'In any case, taxation must be so designed that high levels of production and employment may be maintained; in other words, we should amend or even abolish taxes which are repressive of enterprise.' No tax which dries up the springs of enterprise should retain a place in our financial structure.

Again on page 30 under "Aid Working Capital" we refer to three bases which should receive consideration in so far as adjustment of taxes and the methods of taxation are concerned. One is losses which will be suffered on the realization of inventories in the post-war period.

Mr. McDONALD: Excuse me for interrupting there. With regard to losses realized on inventories, under present day conditions are there inventories of stocks on hand on which there will be much loss comparable to what was sustained after the last war?

Mr. CRABTREE: To a considerable degree, yes. Let me quote something that I think I know more about, and that is the pulp and paper business with which I am associated. We normally buy approximately 300,000 cords of wood a year. Our prices for our finished products are frozen by the Wartime Prices and Trade Board at prices that existed in 1940 during the so-called standard period. Since that time, however, the price of pulpwood, by reason of the terrific demands for labour and the high price of wages, has risen, I would say, an average of at least \$5 a cord. That means in our case \$1,500,000 in our contracts for wood. We have to contract for our wood a year ahead. In our business alone we have got to find some way, assuming that prices had returned to where they were in 1939 or before, of absorbing those losses which are bound to take place.

Wood is only one part of our inventories which consist of all kinds of materials and equipment, all of which have gone up tremendously in price. The only provision in so far as income tax is that one is permitted so far as the actual volume of inventories is concerned to have an equal volume to that which they had at the close of December, 1939, and at the prices ruling at that time, but since then the demand has gone up tremendously during the war. I think we are probably carrying three times the inventory at the present time that we were obliged to carry in 1939 when you could get things quite rapidly where now it takes months and months to get them, and the only safe way to insure the continuance of operations is to keep them on hand. There should be some provision made whereby industry will have a reserve there to take care of losses of that kind. Under (b) you have "Repairs and Replacements". That is even more serious because that affects the instruments of production,

and as I said a moment ago there is only one way in which we can hope to compete successfully in the post-war era and that is by producing economically and efficiently and modernizing our plants so that in turn they can produce and create and give the greatest amount of employment which is also necessary.

Mr. MACNICOL: That is good sound sense.

Mr. CRABTREE: That is the reason I feel that the Department of Finance should allow industry to make provision at this time, not after the war—but now.

Mr. MACNICOL: For after the war.

Mr. CRABTREE: To have a reserve set aside for the specific purpose of rehabilitating their plants because after all that is the goose that lays the golden eggs as far as employment is concerned.

Senator LAMBERT: Have you any exemption now for a reserve for inventory?

Mr. CRABTREE: No, except what has been taxed; then you can create a free reserve if you have anything left.

Mr. CASTLEDEN: There is a reserve on the excess profits tax which is returned of 20 per cent?

Mr. CRABTREE: That is returned for various purposes, but it does not amount to very much.

The CHAIRMAN: Gentlemen, I think we are about through. There have been some excellent questions asked and there have been some excellent answers given. The members of course will all make up their own minds as to what they think of the answers.

I want on behalf of the committee to express appreciation to Mr. Jellett and to those of the members of the Canadian Chamber of Commerce who came up the last time we met and again to-day.

We look forward to hearing from you when you conclude your inquiry which you now have in hand as to the potential employment prospect in Canadian industry.

Mr. MACNICOL: I was going to say the same thing, that perhaps we should have these gentlemen back here again.

The CHAIRMAN: We could have them all back again should that seem desirable. A motion to adjourn is in order.

Mr. JELLETT: Thank you very much, Mr. Chairman, for the many courtesies extended to us by yourself, Senator Lambert, and the members of the committees. It has been most interesting. As to coming up here again, it is getting to be a habit. We will be very glad to be here again.

The CHAIRMAN: Thank you.

The Committee adjourned at 1.00 o'clock p.m. sine die.

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SESSION 1943

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 23

TUESDAY, JUNE 22, 1943

FRIDAY, JULY 2, 1943

WITNESSES:

- Mr. Alex Walker, Dominion President, Canadian Legion, British Empire Service League.
Mr. James Lynham, Dominion President, Imperial Section, B.E.S.L.
Mr. Duncan Rice, Chairman, Legislation Committee, Great Lakes U.S. Command, B.E.S.L.
Mr. Walter S. Woods, Associate Deputy Minister, Department of Pensions and National Health.

OTTAWA
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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1943



REPORTS TO THE HOUSE

23rd JUNE, 1943.

The Special Committee on Reconstruction and Re-establishment begs leave to present the following as a

SECOND REPORT

1. Last session the Committee on Post-War Reconstruction and Re-establishment reported its strong belief that the most immediate reconstruction problem confronting Canada is the creation of employment for and the proper settlement of men and women released from the armed forces, the merchant navy, and our war industries; and that the solution of this problem should be undertaken by the federal government, with the co-operation of provinces wherever possible or necessary.

2. Your Committee now feels that certain definite, positive action should be taken immediately, in order to make sure that the end of war will not catch us unprepared.

3. Your Committee recognizes that everything cannot be done at once. It realizes that some things, especially those of an international nature, must wait until the war is over. But other things can be done during the progress of the war; and your Committee feels strongly that these things that can be done should be taken in hand immediately.

4. Canada abounds in natural resources, in all its provinces and in the Yukon and Northwest Territories. The proper utilization of our resources will provide both employment and opportunities for colonization and industrial development, through flood control, irrigation, reforestation, conservation of water, the exploration of mineral and oil deposits, the development of water power, and the provision of highway and railway transportation where required by settlers or by industry.

5. Your Committee feels that a proper survey of Canada's natural resources should be undertaken now, in order to ascertain the nature and extent of such resources, their location with respect to existing transportation facilities, their suitability for the post-war requirements of the Canadian people, and for post-war industrial development and settlement, with the dual objective of—

- (a) providing useful employment for men and women now in the armed forces, the merchant navy, and our war industries; and
- (b) the promotion of a better balanced Canadian economy.

Your Committee has positive knowledge of many sound, useful, national, provincial and municipal projects, involving flood control, power development, rural electrification, the provision of transportation facilities, and other projects some of them being of a self-liquidating character. Your Committee is of opinion that an inventory of all such projects, in all parts of Canada, should be put under way at once, so that the Government of Canada, the Canadian Parliament, and the various provincial governments may have complete information concerning:—

- (a) the usefulness of each such project,
- (b) the cost and the financing thereof,
- (c) the materials used and the employment provided by the production of such materials,
- (d) the extent and nature of industrial, agricultural or mineral development and employment such projects will provide.

6. In many parts of Canada the rehousing of our people is an absolute post-war necessity. There are repulsive, unhealthy slum conditions in many of our cities, many of our towns and villages, and many of our rural farming areas. These slum conditions should be totally eliminated in the shortest possible time after the war. To make sure of this, authority should be taken by the Government to finance—or assist in the financing of—better homes for our people. In the opinion of your Committee the cost of home buildings, financed by or with the help of Government, and the payment for such buildings, should be related to the life thereof in terms of years, and should bear as low a rate of interest as possible.

7. In view of all the foregoing, your Committee recommends that the Canadian Government give immediate consideration to your Committee's strong opinion that the Government should take the necessary steps either by the establishment of some body, to be organized under ministerial responsibility, or otherwise to provide for the carrying out of works such as those contemplated in the preceding portions of this report. The chief and most immediate duty is to make certain of the State's ability to maintain full employment immediately following the end of the war when industry is being re-organized for peacetime work, and when men and women are being discharged from the armed forces, and the merchant navy.

8. Your Committee has given some study to the problems confronting the nation by reason of the various hardships that burden our farming population. This study is far from complete. We shall explore further the possibilities of greater uses for farm products through chemical processes. Further study is needed also on the broad question of a new relationship between agriculture and government, and between agriculture and industry, and of the related question of extended and profitable markets both at home and abroad.

9. Our studies have convinced us, however, that in many respects Canada's agricultural life would be greatly improved if the general provisions of the Prairie Farm Rehabilitation Act could be applied to all of Canada. We, therefore, recommend that the Government consider the advisability of submitting to Parliament, legislation that will so amend the Prairie Farm Rehabilitation Act as to make its provisions available throughout Canada in the same manner as they now apply to certain parts of the three Prairie Provinces.

10. There are many problems of post-war reconstruction and re-establishment that your Committee have not yet been able to study adequately. In many ways, a new relationship must be built up between Government and industry, and within industry, between management and labour. We expect that before the session ends, evidence will be submitted to your Committee from the various Labour Unions operating in Canada, and from associations of industrial employers, so that we may have the benefit of a full knowledge of the viewpoint of capital and of organized labour with reference to those post-war problems which relate to industrial activities.

11. We have had representations from portions of Canadian industry with respect to some questions closely related to industrial operation, and to industry's ability to carry on at the end of the war. We expect further evidence along these lines which will enable us to form an opinion of the amount of time, if any, that will be lost in transferring industry from war to peacetime operation, and as to what action Government may take to help industry at that critical period.

12. The coal industry of Nova Scotia has been under critical review and recommendations with regard to that industry will be made in a later report; and it is expected to obtain evidence from other coal areas in Canada with

particular reference to the possible use of coal in the manufacture of chemicals and dyes.

13. We have been told of some of the problems of the fishing industry. Your Committee will make a report with respect to this industry after we have had an opportunity of giving the matter further study.

14. Your Committee is anxious about the conditions that may confront the members of the armed forces who will be engaged in the final, decisive struggles of the war. Among other things, they will be the last to reach demobilization and, therefore, the last to be absorbed into the industry of the post-war period. We desire to be of every possible help to the General Advisory Committee on Demobilization and Rehabilitation which has this problem actively in hand, and to co-operate with them in a joint effort to reach a solution of this vital problem.

15. Your Committee is strongly of opinion that every member of the armed forces and the merchant navy is entitled to be assured that Parliament and Government will be prepared to do what lies within their power to prevent any recurrence of mass unemployment in Canada. The actual, definite steps that must be taken to prevent mass unemployment permanently are matters of controversy upon which your Committee is not yet ready to make recommendations. We are convinced, however, that since human welfare is the supreme function of Government, Parliament and Government must at all times be prepared to make every effort to maintain full employment.

16. Your Committee recognizes that a great amount of work still lies ahead of it and submits this as an interim report for the purpose of placing before the Government these suggestions in order that immediate action may be taken with respect thereto.

17. When war is over, some other definite aim must take its place as a motivating cause of national economic activity. Thoughts of those who return to us from the field of battle and of the dependents of those who die, and of what they fought and died for, will supply the aim. Your Committee is certain that the means of doing so will be found in the conservation and proper utilization of our natural resources, and in the decision that markets will be sought for our production by governmental intervention where necessary from time to time. In this respect we welcome the conclusion arising from the United Nations Food Conference that never again will food be destroyed simply because people have not enough money to buy it.

All of which is respectfully submitted.

J. G. TURGEON,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, 22nd June, 1943.

The Special Committee on Reconstruction and Re-establishment met in camera this day at 11 o'clock a.m. Mr. Turgeon, the Chairman, presided.

The following members were present: Messrs. Bence, Bertrand (*Prescott*), Brunelle, Castleden, Eudes, Gillis, Hill, Jean, MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), McNiven, Martin, Matthews, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon.—20.

Mr. McNiven, from the Sub-Committee on Agenda, submitted a draft report as a basis for a Committee interim report to the House of findings and recommendations.

The said draft report was considered, amended, and adopted as amended.
Ordered,—That the draft report, as adopted, be presented to the House.

The Committee adjourned to meet at the call of the Chair.

JOHN T. DUN,
Acting Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, 2nd July, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10.45 a.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present: Messrs. Bertrand (*Prescott*), Black (*Cumberland*), Castleden, Eudes, Fraser (*Northumberland*), Gillis, Jean, MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), MacNicol, Nielsen (*Mrs.*), Purdy, Quelch, Ross (*Calgary East*), Sanderson and Turgeon.—18.

Also present were: Hon. Dr. J. H. King, Government Leader in the Senate;

Mr. Walter S. Woods, Associate Deputy Minister of Pensions and National Health;

Mr. H. A. L. Conn, Deputy Chairman of the Pensions Commission.

Mr. Alex Walker, Dominion President, Canadian Legion of the British Empire Service League, was called. He introduced the following delegates from the B.E.S.L.

Col. Nicholson, D.S.O., First Vice-President;

Mr. J. C. G. Herwig, General Secretary;

Mr. James Lynham, Dominion President, Imperial Section;

Mr. Richard Hale, Chief Pension Officer;

Mr. Duncan Rice, Kalamazoo, Chairman, Legislation Committee, Great Lakes U.S. Command.

Mr. Walker then presented a brief for the Canadian Legion, B.E.S.L.

Mr. Lynham was called and presented a brief on behalf of the Imperial Section, B.E.S.L.

Mr. Duncan Rice was called and presented a brief on behalf of the Great Lakes U.S. Command, B.E.S.L.

Hon. Mr. Mackenzie was requested to make a statement, and addressed the Committee.

Mr. Walter S. Woods was called and examined, and retired.

Mr. Walker was examined and retired.

On motion of Mr. MacNicoll the Committee adjourned at 1 o'clock p.m., to meet again Wednesday, July 7, at 11 o'clock a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 2, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 11 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: As you know, we have with us to-day the Canadian Legion. I am certain that the members of the committee would want me to say just one word of tribute to the Canadian Legion for the work they have done during the period between the two wars and particularly during this war. One thing I wish to point out is that the work done by them is done naturally without the slightest thought of profit of any kind; they are simply working for Canada. They appear here to-day naturally mainly on behalf of the members of the Canadian forces and of the merchant navy, but they are the foundation of all the good work that this committee can do for Canada in the days to come.

The Legion is represented by Mr. Alex. Walker, its president, the vice-president and the secretary and other members whom I shall ask Mr. Walker to introduce to you.

I want to express on behalf of the committee a word of congratulation to Mr. Herwig on his appointment as permanent secretary of the Canadian Legion.

We have here to-day the Minister of Pensions and National Health, who is here partly as a member of this committee and partly as Minister of Pensions in tribute to the Canadian Legion. We also have the leader of the government in the Senate, the Hon. Dr. King. Hon. Cyrus Macmillan, Chairman of the House of Commons Committee on Social Security told me that he was coming this morning and I think he will be with us also as a tribute to the Canadian Legion. Hon. Senator Lambert, Chairman of the Senate Committee on Reconstruction cannot be with us because he was called out of town.

Now, Mr. Walker, I will call on you, and the rest is in your hands for the time being.

Mr. ALEX. WALKER, Dominion President, Canadian Legion of the British Empire Service League, called.

The WITNESS: Mr. Chairman, Mr. King, Mr. Mackenzie, first of all may I present to you some of the members of the Legion? We have with us to-day Col. Nicholson, D.S.O., at my right, first vice-president; Mr. J. C. G. Herwig, general secretary; Mr. James Lynham, dominion president, Imperial Section of the Canadian Legion; Mr. Richard Hale, chief pensions officer; Mr. Duncan Rice, Kalamazoo, who is chairman of the Legislation Committee of the Great Lakes U.S. Command of the Canadian Legion.

I may say the Legion has many branches in the United States and our members there have been doing a splendid job over the last fifteen or twenty years, cementing that friendship which is so necessary, and doing a fine job of work in helping the Canadian veterans who were in distress in different parts of the United States.

Introduction

Before presenting this brief may I express on behalf of the Legion, sincere thanks to the chairman and members of the committee for the opportunity to submit the Legion's views on the vital subjects of reconstruction and re-establishment.

May I say at the outset that the Legion appreciates the action the government has already taken to deal with the immediate post-war problems of ex-service men as outlined to you a few days ago by Mr. Walter S. Woods, Associate Deputy Minister of Pensions and National Health. Many of the measures now in force were discussed in principle by the Legion in a brief presented to a special committee of the House of Commons in May, 1941, and therefore we are familiar with and appreciate the work that has been done by the special Interdepartmental Committee on Demobilization and Rehabilitation, of which Brig.-General H. F. McDonald is chairman and Mr. Woods is vice-chairman. We also desire to pay tribute to the Hon. Ian Mackenzie, Minister of Pensions and National Health, for the most effective manner in which he is dealing with the problems confronting his department and the very active part he has taken in connection with the work of the various committees on reconstruction that have been under his general direction.

It is not necessary for us to enumerate specifically the measures so ably presented to you by Mr. Walter Woods. On the whole we agree that the measures so far adopted should assist materially in re-establishing ex-service men in the immediate post-discharge period, although we realize that improvements and modifications will undoubtedly be necessary as the magnitude of the task of rehabilitating 750,000 men and women of the armed forces increases, both during the progress of the war and when it reaches its ultimate maximum proportions when demobilization is undertaken.

Before we can have proper reconstruction measures working effectively we must first of all reconstruct our own minds. The years of depression left with us a "relief mentality" when thinking in terms of human welfare. But when dealing with the prosecution of the war, we are generosity itself. In this year's victory loan the Finance Minister asked for \$1,100,000,000. He got nearly \$204,000,000 more than he asked for and no one was hurt in the giving. But, if the relief mentality persists, let Mr. Ilsley or anybody else try to raise this amount of money for work which will be repaid in dividends of human happiness and comfort, and thousands of persons will feel hurt, at least mentally, for fear that their bank accounts will suffer.

Canada can never survive, nor indeed will her people tolerate, another period of depression such as she experienced before the war. The causes of depression, now commonly believed to be due largely to the ignorance, shortsighted selfishness and stupidity of human beings, must be ruthlessly destroyed or the men and women who have served both in our armed forces and in our war industries, and their friends, will seek to change our economic system, and we believe the vast majority of their fellow citizens will help them change it.

In preparing this brief on reconstruction and re-establishment the Canadian Legion has endeavoured to consider the subjects from the point of view of the demobilized men and women now serving in the armed forces and what is likely to happen to them, both in the immediate post-discharge period and in regard to the future that will be in store for them as a result of the measures to be taken. We recognize that their rehabilitation must proceed concurrently with the wider problem of re-establishment of all who are to-day solely engaged in wartime industrial activity.

They know that their rehabilitation into civil life will have to occur during the period of reconstruction. Reconstruction, therefore, embraces for them any legitimate activity for which they are or can be fitted that will provide a living and a reasonable opportunity for advancement and permanency. Re-establishment will mean to them continuous employment with adequate remuneration, without regimentation or destruction of personal initiative, whether it be as an employee or as a proprietor of a business or as a professional man or as an executive.

For the most part our fighting men will still be young men after discharge. The sins of the past in permitting mass unemployment to occur, and the sometimes almost inhuman methods of dealing with it, will remain to them merely as a bad dream if our efforts at reconstruction succeed. But if they fail, then they will know that they have fought in vain, and so will we.

Moral Issues

The issues of this war have often been presented as a struggle between right and wrong, freedom and slavery, good living and bad living. These can be translated during peace-time here in Canada into terms of plenty or want, employment or unemployment, a high standard of living or a low standard of living, etc.,

There is a moral obligation to members of our Armed Forces upon their return to civil life. Immediately following the outbreak of war, representations were made by the Legion to the government, one of which having to do with this obligation laid down the following principle:—

That adequate steps be taken to ensure that those who volunteer for service shall in no way be penalized on their return to civil life and, so far as possible, shall be assured of that place in civil life which they might reasonably be assumed to have obtained had they not enlisted.

We think this committee will agree that it is a moral right that a man or woman who has served his country in the armed forces should, as far as possible, be re-established in society in the manner suggested.

Four Freedoms

Ever since the enunciation of the "four freedoms" by Mr. Churchill and President Roosevelt, namely, freedom of speech, freedom of religion, freedom from want, and freedom from fear, men have been consciously or unconsciously endeavouring to realize just what these words mean in practical terms, as applied to the lives of individuals, to the community, to the country and throughout the world. Many discussions are going on to-day in military camps, both in Canada and overseas, on different aspects and phases of the meaning of these "four freedoms". They epitomize for many just what we are fighting for. Men will undoubtedly return from this war with a high expectancy of a decent standard of living because the mere enunciation and contemplation of the "four freedoms" as a design for peace and well-being has a tendency to raise hopeful speculation about the future.

Plans Ready or in Operation Before Demobilization

Many of us recall, during the closing days of the last war, the promises made that Canada was to be a country fit for heroes to live in. We must avoid this time the disillusionment that followed the demobilization of our fighting men in 1918-19. The country was not prepared to receive them, and notwithstanding the desire to do well by them, a great deal of hardship was suffered because of lack of adequate preparation. This time there should be well co-ordinated plans, worked out in detail, with federal, provincial and municipal governments co-operating, ready, in so far as possible, through trial and test. This necessarily predicates financial assistance on the part of federal authority to provinces and municipalities.

Federal-Provincial Relations

This brings us to the consideration of an important aspect of reconstruction, namely, the unity of Canada, particularly as it relates to the successful opera-

tion of national reconstruction plans. In this connection it would be as well to present to this committee the following views expressed by the Legion before the Royal Commission on Dominion-Provincial Relations, in May, 1938:—

It should be recognized that, since the passing of the British North America Act, the whole social system has undergone almost revolutionary change for which our present rigid constitution is ill adapted. Some elasticity must be provided and consideration given to the fact that the process of change is by no means complete and that a strong central government, which we contemplate, must be in a position to deal with these processes. If we are a nation, then all our nationals are entitled to equal treatment. This can only be ensured by national action; and you cannot have a united and happy people if rich and prosperous areas are accorded privileges which are denied less fortunate areas because the local government is incapable of meeting the need. At present the Canadian economy is one, and all the important tools of economic policy are under federal jurisdiction, e.g., the tariff and external relations, trade agreements, internal peace, banking, railways, etc., and yet all the social legislation made necessary as a consequence of economic development is under provincial jurisdiction. In other words, the central authority determines, as far as possible, the economic trend of our national life but the resulting domestic problems are the responsibility of another authority.

Certainly men returning from this war will have a right to expect that the problems of federal-provincial relations, as they affect national schemes for reconstruction, will have been solved. It should be possible to secure that harmony of aim and practice throughout Canada which will produce conditions for the acceptance and successful operation of national rehabilitation measures, coupled, of course, with the assumption by the federal government of a part of the financial burden devolving upon provincial or municipal governments in the carrying out of purely provincial or municipal schemes of reconstruction, as distinct from those of a national character.

A Post-War Measures Act

We believe that the recommendations of the Sirois report should be re-examined in the light of conditions as they will exist after the war, and that the principal recommendations of that report, as they may be modified in the light of such conditions, should be implemented.

In view of the difficulties which might occur in an agreement on a long-term basis for an amendment to the British North America Act, it is suggested that agreement on essentials, looking to rehabilitation, be achieved with the provinces forthwith, and that the principles of this agreement be embodied in an Act which might be known as "The Post-War Measures Act," the application of such Act to be limited to a period of years—possibly five years—during which measures of control and measures for rehabilitation will necessarily have to be under a central authority. This will require agreement by the provinces and we suggest that steps, looking to this end, should be taken immediately. The experience gained during the period covered by this enactment would undoubtedly prove beneficial to a long-term settlement of the many controversial problems affecting the dominion and its provinces.

Political and Economic Problems

The Legion is not among those who think we must win the war first before planning for peace. We nearly lost this war because we were unprepared for it and we do not intend to lose the peace for the same reason. We are aware that studies are being made by various committees set up by the government and that evidence of their work has already been submitted to this committee. But it is now time for reconstruction planning and practice to begin.

To win the war and to force complete capitulation of the enemy are essential to our reconstruction program. But Canada can take some preliminary steps in anticipation of complete victory to enter discussions with representatives of other allied countries, and a great deal of groundwork can be laid in the formulation of foreign and domestic policies suitable to Canadian interests. The International Food Conference illustrates this point. The spirit and idea of selfish nationalism and autarchy, and self-sufficiency should form no part in our national or international relations.

In our opinion there can be no return to the system prevailing during depression years, and a type of economy must be developed that, while providing for individual liberty, ensures employment and a decent standard of living for all, including those who, through no fault of their own, are physically unable to accept employment. To this end we should be prepared to accept whatever type of controls may be necessary, either through the retention of those now in effect or through new ones which must be created to cope with post-war conditions.

Freedom and control are not incompatible when control is exercised to prevent or restrain harmful actions or conditions harmful to the public generally. Without restraining laws there would be little or no personal or political liberty. Similarly, without restraint there can be no economic freedom; that is, freedom to consume as well as to produce. Control is exercised in the maintenance of law and order and in the prevention of crime. It is exercised in the direction of industry. Wise control of the nation's business is now necessary if unemployment and want are to be avoided. This is a responsibility of government.

World Trade

This war has demonstrated that we have been able to keep our people employed and, within the limit of the basic supplies available, fed and clothed, during a period of stress. We have, further, supplied our allies with the products of our own soil and resources. This provision both for ourselves and others must, in view of the destruction and conditions throughout the rest of the world, continue for some considerable time. It may be that we shall have to cast our bread upon the waters, but the lesson is that, through the brain and brawn of our workers, we have been able to do all this and yet maintain adequate living conditions in this country. Provided jobs are furnished, the same condition can hold good in the post-war period while world trade is in process of rebuilding.

Freedom from Want in Terms of Food, Shelter and Fuel

We do not subscribe to the view that freedom from want and freedom from fear cannot be realized until we establish world markets. It is our belief that this country can produce all the food it needs to maintain the health of its people, and the raw materials to provide them with shelter and fuel. These are the three basic needs in providing adequate subsistence. Whatever external conditions may be, the Legion submits that the government can evolve a food policy to provide abundant food for all, a housing policy to see that the people have well-designed houses, and a fuel policy for an abundant supply of fuel, at prices and rents that make them available to all. We do not want a return of the conditions after the last war when money was available for building theatres and places of amusement but not dwellings. Industry is a means to an end. Its function is to produce, in necessary quantities, the things we use and the things we eat. We submit, therefore, that the supplying of primary needs must have an important place in our reconstruction program. We are not suggesting that export markets are unnecessary to our prosperity but we do assert that, regardless of the export market, the primary needs of our people can be met, wholly or to a large extent, from our own resources, by our own efforts.

Mr. CASTLEDEN: Hear, hear.

The WITNESS: (Continuing):

Markets for our Products

Measures must be taken to explore and cultivate both domestic and foreign markets for our products. In foreign trade our aim should be to deal with countries that can supply things we require in our economy to satisfy our basic needs, and

- (a) which we cannot or do not produce ourselves; or
- (b) which we cannot or do not produce economically.

In this connection there should be an extension of our trade commissioner service, particularly in countries of backward development but possessing large population and high potential purchasing power for modern products of industry. There should be developed the freest possible intercourse between Canada and other nations in the matter, among other things, of trade and commerce, subject always to the over-riding proviso that something approaching equality in standards of living in these various countries is attained.

Standard of Living

The Legion believes that the peace will not have been won for Canadians unless it is possible to keep employed all who are able and willing to work, with remuneration that will provide a standard of living well above the subsistence level. The moral issues involved in wage rates must be faced as well as the economic issues. We are convinced that unless the minimum wage is linked to the cost-of-living index and rigidly observed there will be many people who will fall into a condition of semi-starvation—as was the situation in some parts of Canada in pre-war days—not because there is insufficient of the necessities in existence in Canada but because a moral issue has not been faced. We believe that the people of Canada will never again tolerate conditions of poverty and unemployment such as existed during the depression years 1930-33. The welfare of the people of this country must be considered in the formulation of industrial policy. We believe that the state should see to it that all unemployable and incapacitated citizens have adequate subsistence; that those who are employed receive something additional to adequate subsistence for the work they perform; and that this obligation should be imposed upon all employers in the country. The imposition of employment conditions of semi-starvation are not far removed from slavery.

Sacrifice Necessary for Peace as Well as for War

If sacrifice of special privileges or prerogatives or even money, in the form of taxes, is demanded of citizens of this country, to bring about the necessary changes, our fighting men will expect that such sacrifice will be imposed and undertaken willingly for the common good. The Legion believes, and has previously expressed the view, that reconstruction and rehabilitation should be treated as part of the war effort and that the necessary funds should be raised through taxation as they are now being raised in large part to carry on the war effort.

We regard the working out of the relationship between industry and the government and the controls to be maintained during the period of transition, and, indeed, until the task of reconstruction and rehabilitation can be considered to have been completed, to be of the utmost importance. What happened after the last war must not happen again. We are reminded of a quotation from

Mr. Churchill's "World Crisis." Describing the sudden reversion from wartime open-handedness to peace-time parsimony that came over our financial system from 11 o'clock on November 11, 1918, Mr. Churchill said this:—

A requisition, for instance, for half-a-million houses would not have seemed more difficult to comply with than those we were already in process of executing for 100,000 aeroplanes, or 20,000 guns, or 2 million tons of explosives. But a new set of conditions began to rule from 11 o'clock onwards. The money cost, which had never been considered by us to be a factor capable of limiting the supply of the armies, asserted a claim to priority from the moment the fighting stopped.

Finance the Servant and Not the Master

At the last dominion convention of the Legion in Winnipeg the delegates endorsed the following clause in the Malvern Conference report of January 7, 1941, of which the Archbishop of Canterbury, Dr. Temple, was chairman:—

That the monetary system be so administered that what the community can produce is made available to the members of the community, the satisfaction of human needs being accepted as the only true end of production.

The conception that wealth does not depend upon money but on the brain and muscles of the nation's people and on their ability to develop the country's natural resources—on their manufacturing skills and on the farmers' ability to produce food, should be given practical expression. The abundance which this ability is able to provide, when fully occupied, and the distribution of what it produces are what count to-day. To maintain financial and industrial principles and practices which in ever-recurring cycles deny the means of livelihood to large numbers of the population, and a reasonable share of their own production in goods and services to even larger numbers, is to invite revolution.

The Legion has no pet theories on the question of finance. It does maintain, however, that in a democratic country the people have a right to tell their legislators the results they want and to expect that a determined effort will be made to attain them. The people of Canada generally are not prepared to accept a postponement of social progress because they are told that the country cannot afford it.

Whatever the faults of our financial system, a great war effort has been made. Alone of the dominions, Canada has donated during the last two years two billion dollars to the cause of the United Nations. This in addition to building a great air power, a powerful navy and army, and also supplying huge quantities of weapons and munitions for our own and our allies' use. This achievement has been possible because almost every citizen is working, saving and contributing. Unless the government and those who are responsible for industrial and economic policies make it possible for all citizens to continue working, any post-war financial or fiscal policy will fail. Indeed, the danger of the post-war period is in the feeling that we can all relax and that somehow, by some financial legerdemain, we can achieve peaceful plenty. The way to overcome this is to plan ahead and tell the people what lies before them and keep them all working.

The opinion is now generally held that if full employment is to be effected during the immediate post-war period there must be expenditures from public funds for public works on a large scale to supplement the efforts of industry. This may conceivably leave our budgets temporarily unbalanced. A similar situation will undoubtedly occur in many other countries with which we must have relations if we are to develop foreign trade, and it is our belief that notwithstanding this, post-war agreements can be reached with these countries so that they do not lose confidence in our currency and stability or we in theirs.

The plans now being proposed by Britain and the United States to stabilize international exchange are no doubt receiving the consideration of our government, particularly the proposal to introduce a dual currency—one for external use and the other for internal use. Whatever the means adopted to deal with international economic relations, we are convinced that it should be possible to keep the people of this country so occupied with our own resources that they can supply at least the majority of their own basic needs for subsistence. Having brought the wherewithal into being, a way must be found to distribute it to every citizen, sufficient for his needs, either through work and wages or a social security plan, or both.

Forward Planning to Convert War Industry

The expansion of war industry with a consequent increase in industrial workers, presents a problem that necessitates forward planning if millions of dollars in plants and equipment are to be saved from the scrap heap, and thousands of workers now engaged in these plants are to be retained in employment. It is recommended by the Legion that immediate steps should be taken to survey all industrial plants engaged in war industry with a view to ascertaining those which might be converted into peace-time manufacturing, and that definite information be secured as to the number of persons that can be employed in such plants in each locality.

We believe the change-over from a war-time to a peace-time basis should be gradual, especially if one of our chief enemies continues fighting after the other has capitulated. Rather than precipitate a too great dislocation of our industrial population immediately following the cessation of hostilities, some war industries should be continued for a time. The stocks of munitions so produced will undoubtedly be found of service in the post-war policing of the world and in the sporadic outbreaks which will probably continue for some time after the war.

The commercial development of processes and products introduced during the war should be the object of immediate research and organization. Private industry should be subsidized, if necessary, to begin operations.

Retarded Demobilization

The rehabilitation of men being discharged while the war is in progress presents few difficulties because they are almost immediately absorbed into war industry. The situation, however, will be very much different at the termination of hostilities and when demobilization begins. The Legion understands very well from its own experience the nature of the difficulties which will confront the government at such a time, not the least of which will be the impatience of the fighting men to return home.

Nevertheless, at the last dominion convention another principle was laid down that men should not be discharged from the armed forces except to gainful employment. We believe that demobilization of the armed forces should be as carefully planned as mobilization. Certainly men should not be released from service to communities that are ill-prepared to receive them. We believe also that all discharged men should remain a federal responsibility for a definite period of readjustment after discharge. The present Post-Discharge Re-establishment Order establishes this period at one year. We feel, however, that this time may have to be extended if general conditions exist making it impossible for discharged men to become re-established in civil life in that time.

We are aware that retarded demobilization has been under consideration by the departmental Committee on Demobilization and Rehabilitation. If this committee has made any recommendations we would earnestly ask the government to make them public as soon as possible. It is to be expected that the troops will wish to return home as soon as possible after hostilities have ceased. Definite steps should be taken to deal with the understandable impatience that

will undoubtedly be expressed and to avoid the unhappy conditions that existed in some of the camps in England at the end of the last war. Demobilization plans should be ready and thoroughly explained so that there will be some understanding of the problems involved.

The Position of Discharged Men

Fighting men when they enlist are cut entirely adrift from civil occupations and their interest in economic and social problems ceases to be one of political application and becomes almost entirely academic. This interest is nevertheless keen and active. They cannot share in the discussions or have a hand in deciding economic issues in office, factory or farm. When they return they will have lost practical touch with civil life. Furthermore, men who are now serving overseas will be the last to again enter civilian life and their opportunities for placement and advancement will be that much more handicapped. Fighting men know this and they rely upon us, not only to lay firm foundations for reconstruction, but also to see to it that they are not left at a disadvantage when opportunities for re-establishment are presented.

The Legion desires, therefore, to make the point that any plans of reconstruction that do not provide for preferential treatment of the fighting men will be regarded as unjust and will bring a bitter reaction.

Preference in Employment

We desire to put forward the proposal that provision shall be made for a general preference to discharged men in all employment, whether under private enterprise or under the federal, provincial or municipal governments, throughout the country.

There are approximately 750,000 men and women in the Canadian armed forces. It is our contention that any of these men and women who seek employment, and especially those who have served overseas or who have been out of civilian life for a lengthy period, should be given special consideration by all employers. While we are sure that employers generally will not need to be reminded of their individual and collective debt to those who have risked their lives in their country's service, nevertheless we believe that some definite method will have to be laid down to prevent any haphazard hit and miss application of a preference which we are sure everyone will wish to extend. At the dominion convention of the Canadian Legion in Winnipeg, last year, the following principle was laid down:—

In order that the ex-service man may receive the benefits to which his service to the country entitles him, your committee strongly recommend that this convention go on record demanding an over-all preference in the matter of employment for all honourably discharged ex-service men and women, provided always that the individual is qualified to fill the position.

The Legion realizes that there are many factors involved in the determination of the manner in which this preference shall be applied. Whatever method is adopted it certainly will require the goodwill of all concerned, and perhaps sacrifices on the part of some. We recognize that every employer desires to obtain or retain employees who have exceptional skill, but it is our belief that conflicts between the principle of preference and the principle of merit will not frequently occur because even if all ex-service men are absorbed into industry there should still be plenty of positions for others if the country's hopes for full employment are fulfilled.

Our objective, of course, is to secure employment for all discharged men as soon as possible after the cessation of hostilities, and to maintain them therein. At the moment two methods have been under discussion. The first is to require

Employment offices throughout the country to furnish to employers the names of any qualified ex-service men available whenever a call for help is made. This measure would be supplemented by the efforts of the citizens' committees, already set up throughout Canada, which will endeavour to persuade employers voluntarily to take ex-service men in preference to others.

The other method of giving ex-service men preferential treatment is to establish a statutory quota, requiring every employer to maintain in employment a certain percentage of ex-service men.

A third method, which has not yet been thoroughly explored, is the setting up of a placement service for veterans separate from that provided by the employment offices of the Unemployment Insurance Commission.

Whatever method is adopted for applying an over-all preference, The Legion urges that steps be taken to see that the fullest possible use is made of the government employment offices and that no resort is made to political patronage. Government contractors, both federal and provincial, and government departments, for certain types of employment, should be required by law to fill all vacancies through the employment offices and preference should be given to discharged men and women of this and the last war. Steps should be taken immediately to secure the co-operation of provincial governments toward this end.

Social Security in Immediate Post-Discharge Period

For the majority of ex-service men rehabilitation and social security will mean a good job at good pay with adequate provision for their future. For others who have suffered because of injury or disease, it will mean compensation in the form of a pension, but many of these will also be fit to take full employment at some task suited to them. Others again, who become totally unemployable because of their war injuries must be adequately taken care of at rates which will provide more than subsistence for themselves and their families, in order that they shall not be denied those things which, while not absolutely necessary, help to make life worth living in our time. There are also the bereaved—the widows and orphans, who must be taken care of in a similar manner, in order to ensure that some of the advantages may be available to them which would have been theirs had the bread-winner not sacrificed his life for his country.

The federal government has already brought in legislation and regulations in behalf of ex-service men and women of this war, which may or may not measure up to the hoped for standard of living for all after the war. It has practically assumed the full responsibility for social security of all discharged persons for a period subsequent to discharge. After this period there will be a large number of discharged men who, in the future, must look to civilian measures for social security. The Legion, therefore, is keenly interested in a general program of social security and desires to see action in this direction taken as soon as possible. The Legion's views in respect to social security measures will be included in a brief to be presented to the House of Commons Committee on Social Security, and therefore will not be dealt with to any large extent here.

Civil Service

The statutory preference to ex-service men has already been extended to the discharged men of this war. Approximately 35,000 veterans of the last war have been appointed to either permanent, seasonal or temporary positions in the federal civil service. Many thousands of them have found permanent re-establishment therein. On the whole this preference has been a good thing for the service, first of all because none could be appointed without being fully qualified; and, secondly, because ex-service men as a result of their war experience are, for the most part, well-disciplined, have a keen sense of responsibility

and are reliable. The men of the armed forces today should prove even better material for re-establishment in the civil service because on the whole they are better educated and modern warfare has developed abilities not possible during the last war.

Placement of Severely Handicapped

The placement of severely handicapped ex-service men is a special problem which should receive special treatment, and it is our opinion that a great deal more can be accomplished towards the scientific placement of such individuals in both the civil service and industry generally. Steps are being taken by the government to train such men for suitable employment but this work will remain unfinished unless suitable employment is made available.

Vocational Training

The provisions made by the government to fit discharged men to re-enter civil life are both practical and all-embracing. It is essential, however, to prepare plans now in order that adequate facilities shall be available throughout the country for vocational training when demobilization takes place. This involves close co-operation between the federal and provincial governments, and other bodies, so that facilities now available may be fully utilized and others provided. Particular reference is made to the buildings and facilities now in use by the armed forces which can be converted and used for post-war vocational training. A survey of these should be undertaken at the earliest possible moment and plans made so that they can come into operation without delay as the need arises. Expensive duplication of effort must be avoided. Provision should also be made so that discharged men are given preference in vocational training in order to fit them as quickly as possible after demobilization for civil employment.

Education

The result of this war will show that it is the best educated nations, with the fewest inhibitions and prejudices, which have emerged victorious.

Education has hitherto been considered entirely a matter for provincial development. Experience has clearly shown that some co-ordination of effort, standards and practice is necessary. A great deal of useful work has already been done by our Canadian Legion educational services in the setting up of an educational system, parts of which have been adopted by the armed forces and other parts of which are personally available to those in the forces who desire them. The basis of this system, and the tests and examinations used in connection therewith, have been mutually accepted by the educational authorities in every province and by the universities. I should also include Newfoundland there. This is the first time in the history of Canada that an agreement of this nature has ever been obtained, and great credit is due to Lieut-Colonel the Honourable Wilfrid W. Bovey, O.B.E., LL.B., LL.D., D.Litt., F.R.S.C., and those educationists who have worked so untiringly and successfully with him to place this educational system at the disposal of our serving men and women.

This system can and should be continued, expanded and extended to both ex-service men and women, and to civilians when the war is over. Thousands of young men and women will need re-education for return to civil life. This is surely a federal responsibility. Immediate planning for post-war education will, therefore, be necessary.

The present educational system in Canada discriminates against the rural population and those living at a distance from centres of education—particularly of higher education—already established. The mere provision of educational facilities is not sufficient unless there is, in addition, a subsidization to those living at a distance, in order to permit of their taking advantage thereof.

In general, we feel that a great deal can and must be done by the dominion government in the field of education—and to this end jurisdictional difficulties must be removed—to create a real national spirit and unity in this country.

Nutrition and Physical Fitness

Disclosures regarding the general fitness of Canadians, resulting from medical examinations for enrolment in the armed forces, are very disturbing. When fifty per cent of the men offering themselves for service have had to be rejected—35 per cent for physical disability, and 15 per cent for "emotional instability"—the only conclusion that can be reached is that Canada's health problem is serious. That much of the trouble is due to lack of nutrition has already been demonstrated to this committee and it is not necessary for us to elaborate here. That physical fitness is to some extent dependent upon adequate subsistence is also a fact that needs no further elaboration and we can only add that the government and the people of this country must now face this issue as one of the basic needs of our reconstruction program and action on a permanent basis should be taken immediately to deal with the problem, even if considerable sums of money are involved. In this connection, the Legion regards as sinful waste the destruction of surplus foodstuffs produced in any part of the country. We insist that in future provision be made through proper methods for the distribution of any and all such surplus foodstuffs.

Maintenance of Canadian Armed Forces

As one avenue for employment the Legion believes that Canada should maintain a navy, army and air force, at some considerable strength, after hostilities cease. This war has taught us the lesson that right must have might to support it. Therefore, there should be no return to the state of disarmament that existed in Canada at the outbreak of the present war.

We believe that war industry should not be completely dismantled but that a policy should be adopted of subsidizing shadow factories for the potential development of new military inventions.

Labour Relations

The Legion urges the development of a definite dominion labour policy and the firm application thereof. This policy should be designed to encourage good relations between capital and labour. It should provide for greater representation by labour on government policy-forming and administrative bodies which can affect their interests. The Legion also believes that there should be provision for compulsory arbitration of industrial disputes, the findings of which should be enforceable. The right of workers to full freedom of association in unions of their own selection should be recognized by law.

Taxation

While advocating the continuance of taxation for re-establishment purposes, there should be a gradual relaxation thereof to permit of the individual taxpayer and companies developing their holdings out of earnings. This is the basis on which this country has been built up. We believe the maintenance of private enterprise and initiative, the granting of an incentive to individual and company effort, and the utilization of the profit motive is possible under a properly designed taxation program. This program should be flexible and should be utilized to eliminate extremes in business cycles.

We would strongly urge the establishment of one taxing authority for the dominion with distribution to the provinces on a basis to be mutually arranged, with particular reference to income tax, succession duties and sales tax. Various nuisance taxes, however, should be eliminated.

The war has demonstrated that the people of Canada will cheerfully pay taxes so long as they know they are receiving value for the outlay in terms of their own and their country's well-being.

Agriculture—The Veterans' Land Act

Agriculture is a basic industry in Canada. Farm products are a world-wide necessity. Furthermore, we will be obliged to assist in feeding the peoples of the countries ravaged by war. Just what effect this will have on the economic position of agriculture in Canada we are not competent to say but we do know that the man who produces the foodstuffs must be adequately paid for them and this is a problem for government to determine.

Special provision has been made for veterans to become rehabilitated in agriculture. The condition of the industry will be an important factor in the success of those who undertake farming under The Veterans' Land Act.

We urge the government to embark immediately upon the purchase of suitable lands for veterans so as to forestall any sudden demands for land which will tend to raise prices. Settlement on poor land must be avoided.

The possibilities of veterans acquiring improved properties should be explored. There are owners who, through age or illness are unable to continue operations. In such cases the government might well consider granting the owners an annuity on a generous basis but having relation to the value of the property.

We would also suggest that, in the clearing of land, use be made of the tremendous accumulation of construction machinery assembled during the war for the armed forces.

The Legion would also urge an examination into the possibilities of the development of co-operative effort among farm communities, both in respect to the purchase and use of farm machinery and in marketing.

We believe that the actual process of settlement should not be precipitate but on a gradual basis, spread over a period of years, which will ensure orderly acquisition of suitable lands at fair and reasonable prices and the avoidance of misfits among those who desire to avail themselves of the provisions of the Act. The actual volume of settlement in any year should be rationally controlled if we are to get the best permanent results from this scheme.

In any event the rate at which veterans can be placed on the land will depend to some considerable degree upon the possibilities of obtaining essential farm machinery, stock and construction materials. The period of chaos and necessary re-establishment of Europe upon the termination of the war will undoubtedly draw heavily upon our production of farm implements and other agricultural requirements. Preparation to meet the need should begin as soon as possible.

This gradual settlement would necessarily call for some extension of the existing rehabilitation benefits which are not presently available beyond a fixed period of eighteen months following discharge from the service. It is suggested therefore that the right of the ex-service man to that feature of the rehabilitation scheme which provides for assistance during the time required for re-establishment in a new venture should remain open to those seeking establishment through the provisions of the Veterans' Land Act and should commence at the date of their actual establishment on the land.

Where virgin or undeveloped land is acquired by the director for the purpose of settlement, the opportunity should be taken to utilize the services and labour of potential settlers in clearing such land and otherwise preparing it for immediate cultivation and settlement before any attempt is made to settle any veterans thereon.

Lands suitable for agriculture in Canada are limited. A survey and classification of all land should be undertaken with a view to indicating its economic possibilities. For example, in the province of Manitoba a successful scheme for the flooding of waste areas has provided facilities for the development of the fur trade. No doubt other uses can be found for land unsuited for agriculture. Veterans finding sources of livelihood from such land will still be eligible for consideration under the Veterans' Land Act.

Diversification of Industry

The Legion urges that the federal government should take steps, in conjunction with provincial and municipal authorities towards the diversification of industry throughout Canada. Such steps are essential to the maintenance of population in the western provinces, where the establishment of light industries in rural agricultural areas would provide employment to sons and daughters in farming communities who otherwise would be compelled to move elsewhere to secure a livelihood.

Development of the use of agricultural products in the manufacture of plastics and other substances—made possible as a result of modern research—would give great impetus to progress in the western provinces and, indeed, in other rural areas throughout Canada.

Rural Road Building and Public Utilities

In the rural districts of our country great scope exists for improvement in the general standard of living of those engaged in agriculture. For example, building of all-weather roads, extension of electric power, light and telephone systems, and rejuvenation of agricultural dwellings would result in benefits that would be twofold. Firstly, it would make agriculture attractive, not only to those now residing in rural areas, but also to those who might desire to settle on the land after the war. Secondly, it would create employment in order to provide the goods and materials that such a program would require.

Reforestation and Soil Conservation

The possibilities of the rehabilitation of ex-service men through conservation have been brought to public attention by conservationists in co-operation with the Canadian Legion. An experimental survey has been conducted jointly by the federal government and the Ontario government of the Ganaraska watershed, the results of which indicate both the necessity for a conservation program and its possibilities as a rehabilitation measure. The Legion urges that the federal government, in conjunction with provincial authorities, conduct similar surveys throughout Canada, upon the basis of which a national conservation program can be developed. These undertakings should not be conducted on the basis of relief work but rather as operations necessary for the welfare of the country and its people, paying adequate rates of wages.

Similar action should be taken in respect to the conservation and rehabilitation of soil. There is abundant evidence to show that our agricultural lands have suffered greatly because of the lack of any satisfactory policy. The productivity of the soil is a national asset and lands should not be permitted to go to waste. In this connection we would urge that the government take adequate steps to ensure the production and sale at reasonable prices of suitable fertilizers, which at present are beyond the reach of most farmers.

Great waste also exists in our forests. A national program of reforestation is necessary. What work is being undertaken is inadequate. In this field the government can properly seek the co-operation of industries dependent upon our forests for their raw materials.

Moreover, the question of clearance of forest areas with a view to the removal of the fire hazard and the utilization of the forest material so obtained should also be fully explored. With the development of the chemical industry and knowledge of the various and multifarious uses of wood gained during the war, it is believed that work of this nature might lead to a proper and efficient use of our magnificent forest resources, the development of a powerful industry and the saving for use of future generations of vast tracts of valuable forest wealth.

Mining

There should be an extension of the geological survey, coupled with a policy of encouraging prospecting. The latter offers a means of re-establishment for veterans if training facilities are also provided.

We believe the government should co-operate with financial and mining interests in the acquisition of capital for mining ventures. Furthermore, there should be more adequate but sympathetic supervision of, and if necessary some measure of control by governments of companies seeking funds from or holding funds of the public.

Fishing

The waters within and adjoining the boundaries of our country have been a lucrative source of wealth to Canada, although at times the fishing industry has suffered some severe depressions resulting in great hardships to those engaged in it. Nevertheless, it is possible that many men now serving in our expanding navy will desire to establish or re-establish themselves in the fishing industry and, together with a small holding acquired under the provisions of the Veterans' Land Act, they will be in a position to earn a good livelihood if fish can be marketed at an economic price for the primary producer.

Fishing is another of our basic industries which, due to economic conditions, has often provided meagre returns to those engaged in it. It is our opinion that steps should be taken to ensure adequate returns to fishermen, even to the extent of subsidizing the industry when occasion warrants.

Immigration

It is the Legion's opinion that a plan of immigration should now be in the making which would ensure settlement in this country of that type of citizen who can be readily assimilated after the war. Many men now serving in the British army and employed in British war industries may desire to settle in Canada after the war. This type of citizen should receive prior consideration. The Legion regards immigration as a direct responsibility of the federal government by whom it should be entirely conducted. In any event, early steps should be taken to determine an immigration policy for Canada which should also take into consideration plans for settlement and colonization. It is certain that if Canada enters an era of prosperity after the war immigration pressure will be great and some adequate method of selection will be necessary.

Consideration should be given by parliament to the necessity for increasing the population of Canada by immigration, but measures should be applied gradually and only after the problem of adequate provision for the return to the Canadian economy of veterans of the present war and those engaged in war work have been established on a sure and satisfactory basis.

In any immigration policy introduced care must be taken that no immigrant be exploited by those interested in the sale of property, acquisition of cheap labour or in the development of their own selfish personal interests. Land settlement under immigration should be permitted only in areas capable of economic development.

Housing

A basic subsistence need in Canada is adequate housing. The ideal situation would be if each family could own its own dwelling. However, industrial conditions in a large number of cases do not permit this and, therefore, good quality houses, at low rentals, are a necessity. The Legion urges that there should be a national housing policy developed, which must necessarily secure the co-operation of provincial and municipal authorities to become effective. Some cities and municipalities will undoubtedly be concerned about town planning and beautification projects. These should come within the scope of any national schemes that may be developed. However, the immediate need will be to provide housing at low cost for either individual ownership or rental purposes.

Most cities have slums. A national policy should give impetus to slum clearance. Houses unfit for human habitation should be condemned and some plan of enabling owners of the property to rebuild should be worked out.

The Development of Means of Transportation

There should be great development of the means of transportation after the war co-ordinating steamship, rail, highway and airway traffic. All must be co-ordinated, regulated and developed to meet both international and domestic needs. Ways should be sought to reduce and equalize the cost of travel and freight rates. Means should be found to serve all communities, even if subsidization should be necessary in cases where the service is not profitable.

Provision should be made for the re-establishment of ex-service men in all these services. For example, we believe personnel for civilian flying can be obtained almost exclusively from men discharged from the R.C.A.F., while rail and steamship companies should be ready to absorb men from both the army and navy, who will have gained experience which, together with some vocational training, will fit them for a variety of jobs with transportation companies.

Veterans of the Last War

The re-establishment of members of The Veterans Guard of Canada and other veterans of the last war who are again serving in the armed forces will present a difficult problem, in that, upon the termination of the war, many will have long passed the period during which they can take advantage of most of the provisions for re-establishment presented and open to the young veteran. In view of their age, special consideration must be given to such veterans whether by their establishment in protected industries, the setting aside for them of preferred positions, or their re-establishment in subsidized communities, or the provision of a special form of social security. This might be done under The War Veterans' Allowance Act, which could be amended to make them all eligible whether or not they served in an actual theatre of war.

Post-War Provision for Merchant Marine

The Legion feels strongly that the personnel of the merchant marine who ply the high seas and in constant danger from enemy attack should be given the same post-war benefits that are being provided for members of the armed forces. The risk of life is constant and the service is entirely voluntary, at rates of pay that are not in keeping with the risks.

Post-war provision has been made for these men and their dependents but in comparison with the benefit available to the armed forces serving in a theatre of war they are not so well treated, particularly in respect to entitlement to pension.

We would recommend that Section 2 (a) (111) of order in council P.C. 104/3546 be amended so as to provide that pension by way of compensation for

disability or death due to disease be authorized, and that the "insurance principle" shall apply in the same manner as set out in the Canadian Pension Act for those who have served in the Canadian armed forces in a theatre of war.

We would further recommend that all cases pensioned under this order in council shall be entitled to class 1 medical treatment and hospitalization under order in council P.C. 91.

Imperial Ex-service Men

It is more than probable that after this war, as was the case following the great war, a considerable number of Imperial ex-service men will migrate to Canada. The Canadian veterans who fought along side of these men regard the Imperial as one of themselves. It has been a great source of bitterness among Canadian ex-service men that, despite repeated representations, it has been possible to secure provision in old age only for those who were domiciled in Canada at the outbreak of the great war, leaving thousands who came to Canada in the post-war years unprovided for.

Efforts have been made by representation both to the British government and the Canadian government to better their lot. The British, however, have a social security system, the benefits from which, of course, are forfeited upon migration, and thus the welfare of these men is now considered to be the responsibility of Canada.

Very strong representations have also been made to have Imperial ex-service men included among the beneficiaries of the War Veterans' Allowance Act after residing in Canada for a long period, but so far without results. We are now asking the government to face this problem fairly and to accept the responsibility for Imperial ex-service men who have been long resident in Canada and to place them on the same footing as their Canadian comrades under the terms of the War Veterans' Allowance Act.

It is our understanding that the non-contributory social security measures of Great Britain are available to citizens of the self-governing dominions, including Canada, after twelve years' residence, while contributory measures are available after shorter periods. Therefore, while we believe there is no comparable legislation to War Veterans' Allowance in Great Britain, it does not seem to us unreasonable to ask that men who fought side by side with our troops should also participate in this social legislation for veterans, after a reasonable period of qualifying residence.

Re-establishment and Social Security Arrangements between the United States and Canada

A large number of citizens of the United States are now serving in Canada's armed forces. When these men are discharged they will be entitled to the post-war benefits available to their Canadian comrades. They can take full advantage of these only if they remain in Canada. It is natural that many will desire to return to their homes, in which case they would forfeit many of these benefits.

The Legion has learned from experience that the inability to participate in Canadian benefits or in the benefits provided by their own government for men who served in the American forces has created a problem extremely difficult to deal with.

We urge that immediate consideration be given to the possibility of reaching some reciprocal agreement with the United States government, whereby at least some re-establishment benefits shall be available to men in the United States discharged from the Canadian forces or any members of the American forces who remain or migrate to Canada.

We believe that this reciprocal arrangement should apply also to the extension of social security measures, such as the War Veterans' Allowance Act.

provided there is some similar provision in the United States which can be regarded as an equivalent.

In concluding this brief, the Legion desires to emphasize the necessity for the immediate practical development of Canada's reconstruction plans and the making of them available to the public at the earliest possible moment. While the war is not yet won, yet we should now consider reconstruction in the light of a possible early collapse of the enemy and a sudden demand to start the process of returning to the status of peace. Education of the public mind we believe to be an essential step if a lot of misunderstanding, possibly leading to obstruction, is to be avoided. When hostilities cease, there will be considerable emotional excitement, due to the release of pent-up feelings. We think that, if the government will blueprint its plans now and take the public into its confidence about the steps it intends to take in preparing for peace, such action will have a steadyng effect during the period of readjustment, whether of short or long duration. Only in this way, can we maintain unity in our efforts to win the peace.

I have here with me Mr. James Lynham of the Imperial veterans, who will speak to you on the Imperial problem, and Mr. Duncan Rice from Kalamazoo, who is chairman of the Legislation Committee of the Great Lakes Command Canadian Legion.

The CHAIRMAN: Now that the president of the Legion has finished his remarks may I say this: I am certain the president and officers of the League appreciate the very courteous attention and consideration which this committee always extends to witnesses and which was exemplified this morning to a high degree. I did not want to make too many introductions, but we have here with us besides those gentlemen already mentioned, Mr. Walter S. Woods, an old friend of ours, and Associate Deputy Minister of Pensions and National Health, also Mr. H. A. L. Conn, Deputy Chairman of the Pensions Commission. General Howard McDonald was to come, but could not be here because he went out of town.

Now, ladies and gentlemen, is it your wish to hear the other officers or do you wish to ask questions?

Mr. MACNICOL: I suggest we listen to the officers first.

The CHAIRMAN: That will be all right.

Mr. JAMES LYNHAM, Dominion President, Imperial Section, Canadian Legion, called.

The WITNESS: Mr. Chairman, Hon. Mr. Minister, Hon. Dr. King, ladies and gentlemen:—

As Dominion President of the Imperial Division of the Canadian Legion of the British Empire Service League I appreciate very much the opportunity of making this brief presentation to you.

We support the representations already made to you by the dominion president of the Canadian Legion, but there are one or two points which we think it is necessary and desirable to make before this committee on behalf of ex-Imperials who are citizens of Canada and also on behalf of those ex-Imperials who will, no doubt, seek to make their homes here after their service in the present war.

Ex-Imperials of Previous Wars

We have sought, with the help of the Canadian Legion, to obtain an extension of the War Veterans' Allowance Act to include ex-Imperials who resided in Canada on or before 1st September, 1930, and who have since resided here. While these attempts have been so far unsuccessful, we believe that our

request is fair and just and that there is something lacking in framing any scheme of reconstruction and re-establishment if a body of two or three thousand men, some of them married, who have had service in a theatre of actual war or who have been disabled on service and are in necessity, are allowed to remain in a condition of existence below anything that can be considered a reasonable standard for the dominion. The necessity and the urgency are beyond question. There are hundreds of ex-regular soldiers of the British army now resident in Canada who are attempting to exist on the following income from all sources:—

- (a) If single, £1 or \$4.43 per week.
- (b) If married, £2 or \$8.86 per week.

We therefore urge most strongly that this committee may see its way to recommend that the necessitous condition of these men and their wives be taken care of, with the least possible delay, as an essential preliminary to any scheme of reconstruction and re-establishment.

We had the opportunity, in May, 1941, to make a presentation on this subject to a special parliamentary Committee on Soldiers' Affairs, and therefore many members of parliament must be familiar with the details of the situation to which I have referred. I am filing for the information of this committee copies of (1) our presentation to the parliamentary committee in May, 1941, (2) a memorandum prepared by the Imperial division subsequent thereto, with reference to the numbers of Imperial ex-service men likely to be benefited if the War Veterans' Allowance Act were extended in the way we have proposed, and (3) a summary of the position prepared by the Imperial division in March, 1943. The figures in the memorandum I have referred to will, of course, be subject to deduction in respect of the death rate since 1940 and also in respect of the number of Imperial veterans who have obtained employment, owing to war conditions, which would otherwise have been beyond their reach.

Immigration of Imperials from the Present War

We wish to focus attention upon this subject in the hope that by doing so the situation of Imperial immigrants may be safe-guarded from the beginning. In this connection there are two main points which we urge upon the attention of this committee:—

- (1) Reciprocity between the United Kingdom and Canada, and, it may be, also reciprocity between other dominions of the British Commonwealth and Canada, with reference to national insurance rights and the benefits thereunder, such as national health, widows, orphans and invalid pensions, workmen's compensation, contributory and non-contributory old age pensions, etc.

Under the British health insurance legislation, arrangements are possible, by agreement with other dominions of the Empire, to secure the continuity of insurance of persons who, being insured in Great Britain, are or become resident and employed in another dominion with which such an agreement is made.

For instance, such an arrangement has been made between Great Britain and Ireland; between Great Britain and the Isle of Man and between Australia and New Zealand. An agreement on the same lines between the United Kingdom and Canada with regard to immigrants during and after the present war would, it is believed, smooth the path of Imperials settling in Canada in entering fully into the industrial and social life of the dominion.

- (2) *Schemes of Land Settlement*—We suggest for the favourable consideration of this committee that a recommendation be made that steps be taken now by the Canadian government with the British government in

order to establish a satisfactory basis, on the lines of the Veterans' Land Act, 1942, or of other approved schemes of reconstruction and re-establishment, for the settlement of Imperial ex-service men and women in Canada during and after the present war.

Conclusion

We would like to emphasize that the number of Imperials who have not succeeded in establishing themselves to the point of being self-maintaining in advancing age is not large and represents only a small percentage of the total number of Imperial ex-service men and women who have settled in Canada.

The Imperial division has sought to make this presentation briefly and succinctly, and respectfully asks for the favourable consideration of the committee.

The CHAIRMAN: Thank you. I shall now ask Mr. Duncan Rice, the representative of the Legion in the United States, if he will address us?

Mr. DUNCAN RICE, Chairman, Legislation Committee, Great Lakes U.S. Command, called.

The WITNESS: Mr. Chairman and members of the committee, I appreciate very much the opportunity of coming before you to present the pleas of the Canadian veterans resident in the United States.

Canadian benefits applicable to Canadian veterans resident in the United States, at the present time consist of—

1. Pensions for service disabilities.
2. Hospitalization for pensioners, but for their service disabilities only.

These veterans may be classified into two groups:—

1. Men who were citizens of or resident of the United States who were enlisted in the Canadian forces in the United States or crossed the border and enlisted in the Canadian forces before the United States entered world war 1.
2. Canadian veterans who emigrated to the United States after world war 1:—
 - (a) In search of employment;
 - (b) To a suitable climate for health reasons.

The veterans in group 1 had their homes in the United States prior to the war and, very naturally, returned to these homes, for the same reasons that Canadians who had their homes in Canada returned to theirs. They are comparable with Canadian veterans resident in Canada and should have the same benefits as Canadian veterans resident in Canada, except where these benefits cannot be reasonably administered.

The veterans in the second group are in a slightly different category. They were formerly residents of Canada but force of circumstances caused them to emigrate. Most of them moved to the United States to find employment, which was not available in Canada on their return from the war. To a lesser extent others were compelled to move to localities in the United States where the climate was beneficial to their health. These men have some claim to benefits available in Canada. They are aging fast, cannot prove service disabilities and are in much the same position as are veterans in Canada who qualify for the "war veterans' allowance".

The men in group 1 who were resident in the United States prior to the war, lost their citizenship, where citizenship existed, on joining the Canadian forces, if they joined before the United States entered the war, and had to be repatriated on returning home. All of them lost the benefits which were granted to men who served in the United States forces.

These men will not be with us long and the difficulties of such of them as require assistance and can qualify under the same conditions as exist in Canada,

would be greatly relieved by making the "war veterans' allowance" applicable to veterans in the United States and providing for medical treatment and hospitalization on the same basis as it is granted in Canada.

Individuals who have joined the Canadian forces from the United States, both male and female, during the present war, will be faced with the same situation as the veterans of the last war were on their return to the United States.

The benefits which apply in the United States, as listed in a circular issued by the Minister of Pensions and National Health, dated December, 1942, entitled "Rehabilitation Benefits for Sailors, Soldiers and Airmen", are:—

- (1) Pensions for service disabilities;
- (2) Hospitalization for service disabilities.

Many of the additional benefits listed in the above-mentioned circular could be furnished in the United States and administered by the granting of an equivalent under satisfactory safeguards.

The United States has men stationed in Canada. It is quite likely that many of them may make their homes in Canada after the present war. Many of these men would be entitled to benefits under United States legislation if they returned home. We believe the possibility exists for entering into a reciprocal agreement with the United States so that some measure of social security may be available to the veterans of both nations who would be otherwise barred from certain of the benefits granted through making a choice of a place of abode.

The CHAIRMAN: A while ago as an aside to President Walker I said everything before him belonged to him for the time being. Now he belongs to the committee and I am sure is ready to answer any questions.

Mr. MACNICOL: Would the minister not like to say a few words first?

The CHAIRMAN: I am sure everybody would like to hear him if he wishes to say a few words.

Hon. Mr. MACKENZIE: I shall just say one or two words along the general lines of the brief presented by the Canadian Legion. I think it is one of the most constructive briefs this committee has had during its deliberations and I am very pleased to say to you, Mr. Walker, that you have made a very comprehensive survey somewhat along the lines of the report already made by this committee to the House of Commons. Your brief and the report cover the same features. It goes to show that these two bodies are thinking along similar lines.

The president mentioned one important point in the brief, that was the question of the survey of buildings for the purpose of vocational training. I can assure you it was commenced some months ago and is now practically complete or will be in the course of a month or two. So that important point raised by you has been attended to.

The question of post-war educational prospects is receiving constant attention. Mr. Walter Woods gave this committee a summary the other day of what was contemplated. In regard to the question of conveying information to the troops overseas, there were some remarks made in the house the other day that some of the troops were not familiar with the legislation being prepared for them and which is now ready in many respects. Mr. Woods has arranged that an officer of the department will be going to England very soon to convey the necessary information to those who are serving there so that all these things will be familiar to them, we trust. We arranged recently with the respective officers of the services that the fullest possible information be given to every man discharged, so that there cannot be the slightest complaint that a discharged man of any of the three services is not fully familiar with the benefits ready for him. The report received from Mr. Walker with regard to demobilization is now before the cabinet Committee on Demobilization. It has not yet been considered by the full council, but I trust will be considered by them before long. It is a very comprehensive report. A number of outlines was given in

some detail to this committee by Mr. Woods the other day. When our plans in that regard are completed they will be made known.

The last two presentations cover matters of very great difficulty to all those who have been taking interest in ex-service affairs. They have been familiar with this for many years. I refer now to the question of extending benefits of the veterans' allowances to the Imperials in Canada who were resident here from a certain specific date, and secondly, the case made out by the old Canadian veterans who are now residing in the United States of America with reference to the Veterans' Allowance Act, which is very largely a matter of social security. The difficulty has always been this, unless you make it apply to all Canadians, whether they served in an actual theatre of war or in Canada in the great war, you cannot with logic apply its terms to Imperials who came to Canada after the war. That has been the argument against it all the time. Mr. Walker referred to social security. If we got that then, of course, this problem would automatically immediately disappear.

There was a suggestion made in one of the briefs, the last brief or the one before that, about reciprocity. That is one matter that is now receiving very careful consideration. We cannot have reciprocity benefits until we have this legislation enacted in Canada, until we have social security in Canada comparable with other dominions of the commonwealth. The logical development of such an enactment will be reciprocity in benefits amongst all the dominions of the commonwealth. I must say that there is tremendous difficulty in extending the provisions of the Veterans' Allowance Act to Imperials unless you apply it to Canadians who were not able or privileged to get overseas in the great war of 1914-18. You will find that opinion pretty well entrenched all across the Dominion of Canada whatever your personal sympathies may be. From the point of view of sympathy they have every claim in the world, but I do think once you extend that provision to the Imperials you must at the same time extend the privilege to all who served in the great war who qualified for the other privileges existing on the basis of the legislation.

Now, sir, I think I have covered very briefly the main points brought forward.

Mr. Walker referred to the Post-War Measures Act. The objective he has in mind there is an admirable one. He does not want any constitutional difficulties to interfere with all necessary measures which can be taken for re-establishment and reconstruction. I myself doubt very much whether the temper of this nation would stand for a Post-War Measures Act when the difficulties of the conflict are over. I think that the result must be obtained by agreement, by voluntary agreement with the provinces and federal authorities and not by the continuation in days of peace of the terrible taxes which any government must of necessity have in time of war. That is only a personal thought.

I have reviewed those very few salient features of a most excellent brief without any preparation of any kind. I am giving my reaction of it, and I also assure you that the questions mentioned by the last speaker will be discussed further, having regard to how far we can go with the American authorities.

The difficulties which were mentioned in the brief with regard to the Imperials have my utmost sympathy, but I am pointing out to you gentlemen the difficulties which I see ahead.

The CHAIRMAN: What is the pleasure of the committee now?

Mr. MACNICOL: Mr. Chairman, I am glad that you asked the minister to speak because he has reviewed in a very brief form much of what I had in my own mind. The problem is tremendous. We all know the minister is sympathetic and that is a big step in the right direction.

Had Mr. Walker and his associates the privilege of attending our previous meetings they would have found at many of those meetings we discussed many of the recommendations they made this morning. I read over the brief very

very carefully before I came to the meeting to-day; and I want to thank them for sending us the brief early so that we could look it over. That was a great help to us.

As I said, I read over this brief very carefully and I think I can say in a moment or two what I have to say about the salient features of the brief before us. This brief, in my judgment, is a basis for study that we can take up at another meeting. It has been ably written and ably presented. As a member of this committee—I am speaking for myself now—I am deeply indebted to the president and those associated with him for preparing a brief in such an able manner. I like its suggestions, particularly those commencing on page 4 under the heading "Plans ready or in operation before demobilization." That has been one of our objectives right along. We all feel plans should be ready and after what the minister has said I do not know just what we can do. But I am firmly convinced, as I have said on several occasions, that certain projects could be ready and should be ready.

Yesterday I read the report of the committee or board that had to do with the survey of the possibilities that would accrue from the provision of work in the Milk river, the Waterton river, the St. Mary's river and the Belly river areas of Alberta. It looks to me as if that board has plans ready. If it is under Mr. Spence's board they will be ready, because he struck me as a most excellent official. I should think that it has its plans and specifications ready to proceed. Canada is bound to get on with that work by international treaty at the earliest possible moment or lose its right to the waters that come in from the United States. So, Mr. Walker, we are with you in that regard. We believe also that plans should be ready in the greatest detail. The minister is sympathetic.

Hon. Mr. MACKENZIE: May I interrupt for a moment? I was referring to the plans in regard to demobilization, the actual rehabilitation of men back to civilian life.

Mr. MACNICOL: Thank you, that is better still.

Hon. Mr. MACKENZIE: There is a special committee dealing with all the priorities of demobilization.

Mr. MACNICOL: I am not going to pass any comment on amendments to the British North America Act; but I was rather intrigued with these suggestions. I have long arrived at the conclusion the federal government should act, and they must act immediately. If they have to wait until they can reach an agreement with eight or nine provincial governments—some may be in accord and some may not be—plans will be retarded. What has been suggested in this brief—and it is the first time it has been suggested here—is worthy of consideration. The Legion recommends what we have been attempting here for a long time. They say preference should be given in the civil service to men discharged from the army. The placement of severely handicapped veterans, vocational training, education and so on is a very great problem. I have no doubt some department of the government is considering that. I think we recommended something along that line in our report, did we not?

The CHAIRMAN: We touched on it.

Mr. MACNICOL: We are with the Legion in regard to the maintenance of certain armed forces after the war. We have endorsed that in our recommendations. We all believe in the construction of roads and other municipal buildings. These are things that are absolutely necessary and a lot of men could be put to work on them. That is a portion of the brief that we are strongly in accord with, and I hope that the government will take notice of it and plan for specific projects being carried on.

Reforestation is an important matter. I am thinking now of the Ganaraska, which is a very small river with a watershed of only 90 square miles. It is

a bad example of land scouring. I do not know any other river that can show the advantages that accrue from reforestation. That has been mentioned here before and we have that in mind as well.

Mining and fishing have been mentioned by the members from the maritime provinces and the western provinces. With regard to agriculture, the farmers have been presenting their side of the question very strongly and we are in accord with them. Coming from the city, I am strongly in favour of the projects of slum clearances. There is a great opportunity there. So far as air transportation is concerned I believe that Canada has a golden opportunity after the war to open our vast far north and the northern part of our country, which is more accessible by air than any other way. There is a great opportunity there.

We now come to the merchant marine. That comes more within the purview of the maritime people than anyone else. The proposal with regard to Imperial ex-service men is something that I have long been in favour of. I cannot see any difference in the Imperial and the Canadian soldier to the extent both are entitled to all we can do for them. Of course, we have to look after our own first, but the ex-Imperial man should be our next concern. I agree very heartily with the recommendation in the brief about handicapped men. After the war a committee or some other body should be delegated especially to follow the Baltimore plan of looking after one-legged men, one-armed men and one-eyed men and other men physically handicapped—

MR. WALTER WOODS: With Mr. MacNicol's permission may I say I would not like the committee left with the impression that no steps have been taken to meet the problem of the handicapped men.

MR. MACNICOL: I did not say that; I only say that I endorse the brief.

MR. WOODS: I think it is only fair the committee should know that already a study is under way and has been under way for some months with regard to the problem of the handicapped men, and a catalogue is being compiled of occupations that handicapped men can fill where the disabilities will present no particular handicap. We have secured the co-operation of a large Canadian national organization which will co-operate with us in fitting disabled boys into jobs in industry where their disability will present no handicap to them. I am sure if the committee had time they would be very satisfied with the steps that are being taken now in that regard.

MR. MACNICOL: I would suggest that if Mr. Woods can come back some time later on, he be asked to come back to give us some details because we are all in favour of it.

THE CHAIRMAN: We have reached 1 o'clock.

MR. MACNICOL: I think we should commence right now to get something ready.

MR. QUELCH: I should like to add a few brief remarks to what has already been said. I should like to congratulate the Legion upon the brief. I think it shows a very progressive point of view, especially in its reference to foreign trade, national policy and the constitution. But there is one short sentence in the brief that I take great exception to. Perhaps I might say one word. It is found on page 12, the fourth line, which reads as follows:—

This may conceivably leave our budgets temporarily unbalanced.

That certainly gives the impression the Legion believes that after a short period of time we will be able to have a balanced budget. It is only necessary to refer to the past to see that will not be possible because since Confederation, that is, during the past seventy-six years, Canada has only had fifteen balanced budgets. The most recent of these, from 1924 to 1929, made it possible for us to reduce the national debt by \$276,000,000; but at the very time that the federal govern-

ment were balancing their budget the provinces and the municipalities were greatly expanding their debts. Whilst the federal government reduced its debt by \$276,000,000 the provinces and municipalities increased their debts by over half a billion dollars, and at the same time industry and private individuals were steadily expanding their debts. It was only because the rest of the country were expanding their debts that the federal government were able to reduce theirs; and if it is to be a question of the federal government balancing budgets or the provinces and municipalities balancing theirs, surely it would be better to have the provinces and municipalities budget balanced rather than the federal government, because the federal government can obtain money so much more cheaply than can either the provinces or the municipalities.

When Mr. Garson spoke here he referred to a speech made by Dr. James in which Dr. James said that we would probably have a type of new budget philosophy. He said he was not satisfied with a four-year term or even a seven- or eight-year term. In his opinion he said we might very likely have a steady increase in our debt for the next hundred years. That was what Dr. James said, and to suggest in the brief that we would merely have an unbalanced budget temporarily may give the people the idea that we are going to adopt what you might call the Dunning mentality. I do not say that in any disrespectful way, but we do know that during the period of 1935 to 1939 the whole aim was to balance budgets, and we know what happened. We had a depression. We know what happened in 1939 as soon as an attempt was made to restrict the amount of debt. The banks withdrew more than \$900,000,000 from circulation and we went into a depression; the confidence of the people disappeared and once confidence is destroyed you are not able to regain it again.

On page 28 some reference is made to the veterans of the last war, but I notice the Legion did not mention the Soldiers' Settlement Act of the last war. I mention this because I received a letter from Alberta the other day giving a resolution passed by the Legion there in which they asked the debts of the soldier settlers of the last war be cancelled. There is no mention of that in the brief. I was wondering what your reaction was in that regard and whether you do not think the interest rate to the soldier settlers of the last war should be reduced to $3\frac{1}{2}$ per cent, as it is being done under the present veterans' act. I cannot see why veterans in the last war who, in many cases, are up against it, should continue to pay 5 per cent interest while veterans of this war are only paying $3\frac{1}{2}$ per cent.

I notice the brief only referred to the veterans of the last war who have re-enlisted in this war. I imagine the veterans of the last war who are settled on the land should be entitled to at least a reduction in the interest rate down to the interest rate that the veterans of the present war are getting.

Mr. WALKER: Mr. Chairman, regarding the veterans of the original soldiers' settlement scheme we suggested to the government some two years ago that something should be done to help these men. In 1940 in presenting my brief to a parliamentary committee I gave the number of men now on the land and what interest they had in their farms. The result of our presentation has been that at the present time they are going over the cases of the settlers who did not take advantage of the Farmers' Creditors Arrangement Act, and we have been privileged to get a member of our Legion on that committee and we feel that many of these boys will receive adjustment of their claims after the investigation by this committee. I agree with you regarding the 5 per cent; it should be down to $3\frac{1}{2}$ per cent.

Mr. QUELCH: Do you not think it would be wise to leave the word "temporarily" out of that sentence? If the word "temporarily" was struck out of that sentence it would not leave the impression that is left now.

Mr. WALKER: What we meant by that is we should not worry so much about budgets, we should think more of how much good we can do and not the cost; that is really what is behind it.

Mr. QUELCH: Unfortunately it gives the definite impression. It says: "This may conceivably leave our budget temporarily unbalanced." If you left out the word "temporarily" it would read: "This may conceivably leave our budget unbalanced," it could not be misunderstood.

Mr. WALKER: We can strike that out.

The CHAIRMAN: Is it the wish of the Legion that the word "temporarily" be struck out?

Mr. WALKER: Yes.

The CHAIRMAN: It is your privilege if you wish to do it.

Mr. WALKER: I would strike that word out.

The CHAIRMAN: Are there any further questions?

Mr. GILLIS: I have no desire to take up any time in discussing the matter, I merely want to join with the others in complimenting the Legion and those associated with them for the excellence of the presentation they have made. Of course, this is not new to me, I am quite familiar with what the Legion is thinking about. We might carry on a long discussion along certain lines, as was done by Mr. Quelch, but I do not think we have the time to do that. There is one thing I should like to bring to the president's attention and also to the attention of those associated with him. I think he left one category out. I refer now to the nursing sisters. You spoke of "men and women," of course, and I think we largely associate that with women now in the services and completely forget the nursing sisters. I think the nursing sisters should be given special consideration. I have in mind now the girls who served in that class during the last war, and there will be very many hundreds of them serve in a similar capacity in this war. I am thinking of the great service rendered by that particular category during the last war. They devoted their entire life to the service. They went overseas, they came back, and they followed their profession, gave their lives practically in the care of the men who came back, the disabled and crippled. I know there is considerable hardship among the women in that category now and there has been for some years. I think there should be no question of disability, none of the routine and red tape that you have to go through to procure a pension. I think most of these girls after they serve a reasonable number of years in the service should be provided with a retiring pension. I know they are now protected under the Civil Service Act and they are retired on a pension, having regard to the contribution that they make to the civil service retirement fund. I do not think that is adequate. I just bring that to the attention of the president of the Legion because I think serious consideration should be given to that particular classification, recognizing the service they are performing, the things they are giving up and so forth. I believe that some elastic machinery should be provided whereby disabilities that occur that do not come within the provisions of the Pensions Act should be provided for. I think immediate relief should be provided for the nursing sisters and that they be placed in a category separate and apart. I think they are rendering an invaluable service, a service that is not comparable to any other that is being performed. I just want to leave that thought with the president of the Legion and ask him to do something about it.

I wish to join with the others in complimenting the Legion on the job they have done. I think myself it is the most progressive brief that has been presented to this committee since the committee began its sittings.

Mr. WALKER: I may explain that we did not mention the nursing sisters for the simple reason that we feel they are doing the same work as our fighting men and they are in the same category. Nursing sisters are entitled to pensions, and

to-day we have quite a number of nursing sisters receiving benefits under the War Veterans' Allowance Act. In the case of disability they are entitled to the same as the fighting men.

Hon. Mr. MACKENZIE: I should like to give one more bit of information with regard to women serving in the present war, the position of executive assistant to the deputy minister will be filled by a lady, and it will be part of her duties to look after the rehabilitation of the women of the present war.

The CHAIRMAN: That order is passed?

Hon. Mr. MACKENZIE: Yes.

Mr. CASTLEDEN: There is one question I should like to ask. Endorsement has been given already by the members of the progressive presentation put forward by Mr. Walker. There have also been a number of general statements made which I think we should like to have the time to elaborate upon.

As was so ably pointed out in your brief, Mr. Walker, our economic system did fail terribly badly during 1930 to 1940. I refer particularly to your recommendation on page 7, where you say:—

In our opinion there can be no return to the system prevailing during depression years, and a type of economy must be developed that, while providing for individual liberty, ensures employment and a decent standard of living for all,—

One of the things we must be complimented upon is the fact we can out of our own economy within this country provide ourselves with most of the basic things needed irrespective of the position of external trade and the position of debt within our country. Of course, developing a type of economy is not an overnight job. I was wondering whether you had anything you could elaborate on with regard to that, or any suggestion you can make with regard to what you would suggest along the line of changing our economy to overcome these things which happen during a depression.

Mr. WALKER: That is rather a deep subject, but our idea of economy is this: first of all we can provide work and we can provide homes and we can provide food and clothing to our people, we do not have to depend on world trade to do that. Surely to goodness we can bring in a system of economy which will be based on human needs rather than on bank accounts; in other words, dividends in human welfare rather than in cash. That is our idea of economy.

Mr. CASTLEDEN: I should like to endorse that. I thank you very much for your statement.

Mrs. NIELSEN: Would you, Mr. Walker, care to discuss the conference of ex-service men which was recently held in the city of Saskatoon, at which conference all of the men supported the idea of rescinding their agreement with the Soldiers' Settlement Board?

Mr. WALKER: I received one letter from that conference. I believe they were objecting to the extension of time; that is, placing their debts on another fifteen- or twenty-year basis. They felt by that time they would have passed on. What they are worrying about are two things. The first is, where a man has lived in a place for a number of years he does not like to move away from that roof. That roof is his, he feels. He has worked for it and he would like to stay there. The second thing they are worrying about it what is going to happen to their family when they pass on. When a man has given fifteen or twenty years of his life to a piece of land it is rather hard for him to think that there is no future for himself or his family. Therefore he objects to the idea of having another fifteen or twenty years to pay a debt which he cannot pay. We may as well face the issue now. If a man cannot pay his debt let us ask him to pay what he can afford, say on a rental basis. That could be easily done.

Mrs. NIELSEN: You are more or less in sympathy with the demands made at that conference?

Mr. WALKER: I do not know, I have not got the full text of their meeting. I have been travelling for the last month. That letter was sent to me when I was in Nova Scotia, so really I am not in a position to speak about it.

Hon. Mr. MACKENZIE: May I make one observation with regard to the nursing sister. It may be of interest to note that in the present war there are 2,395 nursing sisters serving, and in the war of 1914-18 there were about the same number, out of which there are 397 pensioners, which is a high percentage.

Mr. QUELCH: That includes veterans' allowances?

Mr. Wood: No, just pensions.

The CHAIRMAN: Any further remarks?

Mr. QUELCH: There is a very good suggestion which appears on page 22 of the Legion's brief, dealing with the possibilities of developing co-operative efforts among farming communities both with respect to the purchase and the use of farm machinery and marketing. Does the Legion contemplate by that there may be community settlement and some machinery could be bought for the use of all these farmers and used co-operatively so that the overhead may be spread over all the farms? That question was raised in one of our committees, and if I remember rightly, Mr. Murchison did not seem to be very sympathetic to the point of view.

Mr. MACNICOL: May I suggest you send each one of the members of the Legion present a copy of our last report of what the committee has done up to date?

The CHAIRMAN: I shall be glad to do that.

Mr. QUELCH: Does it mean community settlement? Are you suggesting that?

Mr. WALKER: No, it is rather hard to bring about community settlement. The Anglo-Saxon has his own idea about settlement; he likes to pick his own neighbours, and of course he likes to have his own machinery. Unfortunately the costs of machinery are such that these boys will have to get together and have, say, three or four farmers using the same tractor, the same drill, the same gangplough. That is our idea of co-operative effort regarding machinery, because if a man had 160 acres of land his tractor would be lying idle for many months, as you know. As far as the co-operative effort in the selling of produce is concerned, of course, there are quite a number of co-operative schemes in operation to-day. I found on my trip to the maritimes, from which I returned yesterday, many of the fishermen and the smaller farmers are doing much better since they started the co-operative system of handling their products.

Hon. Mr. MACKENZIE: May I point out although there is no specific provision in the Veterans' Land Act on co-operation there is nothing at all to prevent the carrying out of some scheme of co-operative effort under the Act.

The CHAIRMAN: Are there any further questions or remarks? If not, a motion to adjourn will be in order.

I should like to express on behalf of the committee the sincere appreciation of this committee for the briefs presented to us to-day and the work undertaken by the members of the League.

Before we close may I make an announcement? We meet again next Wednesday morning when we will have before us representatives of the Trades and Labour Council to give us a brief in connection with labour and labour relations within industry. As soon as they are ready to come before us we will have the Congress of Labour. I am not sure what date they will be ready, but they are quite ready to appear before us and will appear when they are ready.

Mr. MACNICOL: Will they send in their brief?

The CHAIRMAN: I have asked them to do that. In any event, the next meeting will be on Wednesday.

The Committee adjourned at 1 o'clock p.m., to meet again on Wednesday, July 7, 1943.

SESSION 1943

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 24

WEDNESDAY, JULY 7, 1943

WITNESS:

Mr. P. R. Bengough, Acting President of the Trade and Labour Congress of Canada.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943



MINUTES OF PROCEEDINGS

WEDNESDAY, July 7, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 11 o'clock, a.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present: Messrs. Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Dupuis, Eudes, Gillis, Jean, MacKenzie (*Neepawa*), Mackenzie (*Vancouver Centre*), MacNicol, McDonald (*Pontiac*), McNiven, Martin, Matthews, Nielsen (Mrs.), Purdy, Quelch, Ross (*Calgary East*), Sanderson, Turgeon and Tustin—22.

The Chairman introduced Mr. P. R. Bengough, Acting President of the Trades and Labor Congress of Canada, and Mr. J. A. Sullivan, Vice-President of the Trades and Labor Congress of Canada.

Mr. Bengough was then called. He submitted a brief and was examined. He was requested to submit a list of public works which, in the opinion of the Trades and Labor Congress, should be proceeded with at the termination of the war. Said list was authorized to be printed in the evidence.

On account of the morning sittings of the House commencing on Thursday, July 8, it was decided to hold the next meeting of the Committee on July 8, at 1.30 o'clock, p.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 7, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 11 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: Gentlemen, as you know, we have with us to-day the Trades and Labour Congress of Canada through its acting president, Mr. Bengough, and its vice-president, Mr. Sullivan, of the Seamen's Union.

Mr. Mitchell, the Minister of Labour, and Mr. MacNamara, the Deputy Minister of Labour, were anxious to be here this morning and may be here later, but a meeting of the committee of the cabinet on manpower has been called and of course they have to be there.

Without further ado I will ask Mr. Bengough if he will present his brief, but I might explain to Mr. Bengough that he will be subject to questioning by the members when he is through. However, he is probably used to that.

Mr. PERCY R. BENGOUGH, Acting President, Trades and Labour Congress, called:

The WITNESS: Mr. Chairman and members of the Special Committee on Reconstruction and Re-establishment, we wish to state, on behalf of the Trades and Labor Congress of Canada, our appreciation of this opportunity of placing before you, for your consideration, the views of organized labor as represented by this congress on the important question of reconstruction and re-establishment.

Subject only to the vital need of winning the present war in order to save our democratic way of life, the questions that this committee has been appointed to consider and advise upon are of paramount importance because if solutions are not found to these problems the stupendous efforts and sacrifices made in saving our democracy will have been in vain.

The Trades and Labour Congress of Canada represents 60 international unions with 1,628 Canadian locals, 9 national unions with 205 locals, 3 provincial federations of labor, 42 trades and labor councils situated in the various centres throughout this dominion, 120 directly chartered and affiliated federal unions, representing a total of 1,953 local unions with a combined membership of 264,375. It represents a large number of citizens of Canada engaged directly and indirectly in practically all branches of Canadian industrial activity. We wish to state, Mr. Chairman, that the membership on whose behalf we are here, are fearful of the post-war period. They are fearful because thousands of them have experienced the horrors and misery of being unemployed when they were anxious, able and willing to work and they look for some assurance that when this war is won that once again we will not have a horrible example of what is, to say the least, gross mismanagement, another depression in a country of plenty.

There is no question that we are in a land of plenty. With some 696,000 of our able bodied citizens in the armed services, in which service they are far greater consumers than they could possibly be in civilian life, yet Canada is still able to produce some \$55,000,000 worth of munitions per week and send millions of dollars worth of foodstuffs abroad to our allies. Yet, the citizens of Canada to-day, while they may be rationed, are not suffering a great deal and certainly are not starving.

Any Canadian can justly feel pride in Canada's war effort to-day. At the same time Mr. Chairman, it is a fair question: If all these things can be done now, why was it that hundreds of thousands of our people were in want prior to the war period? And, why is it that we even have to contemplate the possibility of fear and want again in Canada?

We have once again conclusively demonstrated that we can grow and produce over and above the ordinary needs of our people, an abundance of every human need and requirement. Everyone knows, they must know, if such things are possible in war time they are just as possible in peace time.

This congress has officially stated for years that there is only one solution to unemployment and that is employment. There is plenty of urgently needed public works from one end of this country to the other. There is hardly a city, town or village but needs local improvements. We go without hospitals, schools, starve our universities and libraries, risk the lives and health of people and children with poor roads, poor water systems and inadequate sewers and a million other wants that we all have to do without. All this in a land of plenty with practically an unlimited supply of raw materials and all the needed labor, technical, skilled and unskilled. We believe here is the crux of the whole problem that your committee has to consider and advise upon and if it is correct, as some believe, that we have advanced to what has been termed a streamlined age while our money system has remained at the horse and buggy era.

In a recent editorial in an Ottawa daily paper, dealing with the completion of the Bonaventure station in Montreal, the following statement was made: "After unemployment had been suffered for more than seven years the financial architects of depression relented to the extent of allowing money to be voted for a modified plan, etc." We repeat this because it is a well put and explanatory statement of what has happened and will happen again if these same inhuman agencies are allowed to bottleneck the need of human progress.

At the close of the last war, while victory was being celebrated throughout this dominion, the following communication was forwarded:

OTTAWA, ONTARIO,

November 11th, 1918.

Hon. Senator G. D. Robertson,
Minister of Labor,
Ottawa, Ontario.

DEAR SENATOR,—I am writing you amid the noise and din of the celebration of the glorious victories of the allied armies. Canada's forces have taken no mean part in bringing about this great victory for democracy and the workers of this country as a whole have loyally backed the efforts of our soldiers overseas. I feel that though the hour is one for celebration that no time must be lost by those in authority in facing the problems of reconstruction brought about by this advent of peace. I am aware that much thought has been given by yourself and committees under your direction to these problems and yet much of the machinery necessary for the carrying out of the desires of your government is yet uncompleted.

Urgent and prompt action must be taken to avoid unemployment and the serious consequences of the same and to this end I would suggest that you bring to the attention of the government the desirability of bringing into force immediately, on all work under their control, whether by direct contract or subsidiary, the eight hour day and the forty hour week. I would further suggest that the Imperial Munitions Board and all employers be appealed to that none of their workers be discharged until their factory has been brought down to, at most, a forty-four hour

week. In this way employment will be distributed more evenly amongst the thousands of workers who will cease employment on war munitions and supplies, and greater opportunities given to those of our soldiers who are in Canada and will possibly be immediately disbanded.

Public works, such as the Welland canal and the Toronto harbour and many others of similar nature should be immediately started without waiting for contracts to be let, the government itself undertaking these works by direct labor, as in that way the best results can be achieved for relieving unemployment.

There will undoubtedly be many other measures necessary but I feel if immediate steps can be taken on these two that something will have been done to help tide over the present period of readjustment.

With best wishes.

Yours very truly,

(Sgd.) TOM MOORE,

President,

*The Trades and Labour
Congress of Canada.*

We all know that little or nothing was done; that the public works undertaken were delayed and too small in volume.

For many years this congress has advocated the inauguration of public works in periods of depression, such as highway construction, reforestation, slum clearance, housing projects and the erection of schools and hospitals and other public requirements sadly needed in many localities. We cannot too strongly urge upon your committee the vital need for the immediate commencement of such undertakings at the cessation of hostilities to avoid an unemployment period while changing from war to peace time economy.

We have to visualize demobilization and the obligations we have to those who have fought our battles. We have to keep in mind the closing down of our munition factories. Hundreds of thousands will be needing employment. We have to keep in front of us also the fact that during the whole of the time that these hundreds of thousands of our citizens have been out of civilian employment they have been maintained in all their requirements and an abundance, over and above, has been created.

In the face of this we state that the public works that have to be commenced must, of necessity, be of a magnitude unthought of previously. Full recognition must be given to the fact that we are living in a machine age; that the machine is doing the work and all of our people have a right to participate in the benefits of the machines.

During the last depression public works were undertaken without using machinery, work on a task basis and if such crazy thinking was followed through it meant that twice as many could be put to work if a half sized shovel was used.

We can state emphatically that the workers of Canada want no more of that kind of treatment. The people of Canada are through with unemployment relief. They want, and have a right to expect, useful creative employment with a decent standard of living in balance with our times and productive ability.

In view of the many who will need gainful employment in civilian occupations and the technical progress that has been made, it is our considered opinion that serious thought will have to be given now to arranging for a distribution of available employment on a far shorter work day and work week basis than previously adopted; that it is unnecessary and impossible for people to have full employment on present day hours.

With such ideas in mind we have advocated the raising of the school leaving age, the shortening of the hours of labour to thirty hours per week and a retirement age of sixty years. While by such methods distribution of available employment can be accomplished, it is imperative that there be no reduction in real wage levels, otherwise the buying power of the people will be impaired, our home market destroyed. If wages are such as to meet only the landlord and the grocer, there is little chance of selling washing machines.

This Trades and Labour Congress of Canada has been seeking social legislation from governments for over sixty years. At various stages in its history, legislation such as workmen's compensation, old age pensions, pensions for the blind, mothers' allowances and unemployment insurance have been enacted; all of which, in a small way, fill in some of the gaps that tend towards what is now absolutely necessary—social security.

What the workers of Canada desire and believe is feasible and practicable, in view of our scientific and technical progress; is social security in its full sense guaranteeing to every citizen of Canada, able and willing to work, an adequate income that will provide a living free from the fear of want during the whole of their lives and efficient treatment and protection during illness and old age.

In conclusion, we hope that we have offered suggestions that will be of help to this committee and in the belief that changes have to be made because we conscientiously believe that neither the workers nor the great bulk of the citizens of Canada are in any frame of mind to tolerate another post-war period of unemployment, suffering and misery in a country in which it can easily be prevented.

The CHAIRMAN: Gentlemen, we have listened to the brief presented by Mr. Bengough. May I say just one word? I notice part of the brief consisted of a letter written in 1918 by Mr. Tom Moore, then president and still president of the Trades and Labour Congress. This committee last session expressed sympathy to Mr. Moore and his family because of his illness, and I am sure that you will all wish me to ask Mr. Bengough to convey to Mr. Moore and his family another expression of sympathy to-day.

I should like to tell Mr. Bengough, since he comes from the western province of British Columbia, that I see here to-day in honour of his presence a large number of the members of the House of Commons from British Columbia who are not members of this committee and who are representatives of all political parties in the house. I know you, Mr. Bengough, will be glad to have that information.

Now, we are open for questions, if anybody wishes to ask questions, either of Mr. Bengough directly or of Mr. Sullivan, the vice-president.

By Mr. MacNicol:

Q. Has your committee, Mr. Bengough, tabulated any of the work referred to on page 2 in the third paragraph of the brief where you say:—

There is plenty of urgently needed public works from one end of this country to the other. There is hardly a city, town or village but needs local improvements.

A. Yes.

Q. Have you a tabulation of the various public works, like roads, bridges, clearing up the country, opening up the country, and so on?—A. No, not in its entirety, although we have a considerable list. We thought that this committee had already considerable information of that character before it and so we just dealt with the question of public works generally, believing that their need is apparent; that you can hardly walk out of these buildings before you see broken down sidewalks and things like that that were wanted. We refer to these wants, but we do not go into detail.

Q. I think it would be helpful if you, Mr. Bengough, would send us a list of the possible or probable projects that the Trades and Labour Congress has tabulated.

The CHAIRMAN: Mr. Bengough will do that and we shall put it on the record of the committee.

By Mr. Brunelle:

Q. In the statement made by Mr. Bengough I note the following, which is found on page 2, the last line but four in the last paragraph:—

We repeat this because it is a well put and explanatory statement of what has happened and will happen again if these same inhuman agencies are allowed to bottleneck the need of human progress.

This was with reference to unemployment. I should like to know some of these inhuman agencies, as I do not happen to know them.—A. Of course, in that particular instance I take it both the daily paper and ourselves have reference to the financial system that was blocking or holding up that job at that time. I think it is reasonable to say that somewhere, somehow, somebody caused it.

The CHAIRMAN: Is that satisfactory, Mr. Brunelle?

Mr. BRUNELLE: It is very indefinite, but I suppose it is the best answer I can get. I have never had any detail as to any company or human being that was deliberately causing unemployment and that is why I was asking what these inhuman agencies were. The answer that is given to me is an answer, but it is very indefinite.

The WITNESS: Of course, I make this statement: if they were not deliberately doing it then we have to judge the effect of it and the human misery that was caused as a result of it, even if they were misguided, misinformed and did not know what they were doing they still would come within that category.

Mr. McDONALD: In this connection, Mr. Chairman, might I ask Mr. Bengough who are the financial architects of the last depression? Like my friend Mr. Brunelle, I cannot conceive of anybody having been an architect, especially from a financial point of view, of the last depression.

Mr. MARTIN: That is a quotation.

Mr. McDONALD: It is a quotation, but it is embodied in this brief.

The WITNESS: Yes. It is a quotation. We took it and said we thought it was explanatory.

By Mr. McDonald:

Q. Yes; you gave that as a statement of what happened. In that connection, Mr. Bengough, may I say that, in my humble experience, I cannot see anybody who benefited financially from the last depression.—A. Well, we all know, I presume, that there were a lot of people who suffered as a result of it.

Q. We admit that.—A. There were many poor people made poorer. I presume that if there were a certain amount of finances going around, they could not all lose. Somebody would have to have it. I mean, there is generally a winner in every game. If people sit down to a game, they cannot all lose. Somebody has to win.

By Mr. Brunelle:

Q. But can anyone make any money out of unemployment or profit from unemployment?—A. I think that somebody did, yes.

Q. Who?—A. I do not know. We would like to know. I think that would be a good job for this committee, to really trace that back; that is, the cause of the last unemployment period. We know that the banks were unable to loan

money, that business shut down, that they laid people off. I suppose it could be traced back to some place.

Q. I had a different impression. I thought that unemployment was causing damage to everybody concerned, even the big interests and those who are usually classified among those that are the architects of depression. I thought they were all losing because of unemployment.—A. I do not see how it would be possible for them all to lose. We know that thousands of people did lose. We know that thousands of small business men went broke. But I cannot visualize that you could sit in any kind of game, even if it was a poker game, where everybody would lose. If there were people losing, there must have been somebody winning. I think that is reasonable; at least, it would stand exploration.

Mr. PURDY: You have a very good cross-section of the people of the country here in this committee, Mr. Chairman. Why not pool each one and see whether he lost or made during the last depression.

Mr. MARTIN: I am wondering if we are being altogether fair to this witness. There was a depression. Undoubtedly there were many people who suffered. He is not saying that the poor alone suffered, but that they suffered very particularly. The point is that Mr. Bengough, who represents a very important labour organization in this country, has expressed here rather succinctly what I think the whole country feels, what I think this committee feels and what this committee for some months now—and some years too, Mr. Chairman—has been working on, without regard to political interests. Our effort here, Mr. Bengough, has been to try to devise ways and means, through the formulation of public investment schemes and the like, whereby we can cushion the unemployment lag that will persist at the end of the war or shortly thereafter. Do I summarize your statement correctly when I say that, first of all, there must be a system of public investment through public works and the like, the details of which you are going to supply to us by way of assistance to the committee?

The WITNESS: Yes.

Mr. MARTIN: We have a number of schemes. You may have seen the report which the chairman made to parliament the other day. You say, for instance, that you do not want to go back to the old system whereby you simply put people to work and give them inefficient methods of working which are simply brutal. Do you agree that this public investment program should apply only when industry is not able to take care of the job, that our system of public investment should operate only when there is unemployment? Or should it operate alongside of and continuous with the operations of private industry? Secondly, you spoke of cutting down the labour market, shortening the hours of labour, making the retirement age sixty years and so on. What about other ways of reducing the labour market? Perhaps you would care to tell us something about that? I think also we might have your ideas on the sort of thing that comes under the Marsh report, as to the views of labour in that particular, all of which are part of a scheme to reduce and to mitigate the amount of unemployment at the end of the war.

The WITNESS: To deal with the last thing first, I may say that we have studied, of course, the Marsh report and the Beveridge report. I suppose we can say that, in our opinion, the Marsh report is a distinct improvement. However, it is built up or is dealing with a view that there is a scarcity. We really do not believe in that. That is, we believe that there is no scarcity. While we, shall I say, agree with it, we agree with it more from the point of view that it is better than nothing at all. We think it is a step in the right direction but not broad enough in its scope. Take the question of old age pensions. We feel that they should be considerably larger than what is

mentioned there; that is, the amount suggested, while it would be an improvement on what we have now, is certainly not a great deal to offer old citizens in such a country as we are living in. I mean, we have no problems. We have demonstrated that. As stated again in here, we believe that, with the need for employment, in view of the machinery that we have, the regular working day, as we understand it, of eight hours a day is unnecessary and we will have unemployment if we endeavour to put this range of hours in. We all know that hours of labour have been reduced in the last, shall I say fifty years, from twelve to ten and so on down to eight. To some extent we did for a while—certainly always late—appear to have taken up increased productivity. But with the increased improvements that have been made in technical progress, we have not kept up to that.

We do particularly emphasize the need of taking people out of employment. That is, we do not believe, for instance, that blind people should be expected to work and people of that character. They should be well looked after in the way we could look after them. We believe that the hours of labour of all people should be shortened. Unless they are shortened, then we believe that there is bound to be unemployment, because we have not got that amount of employment available, even if we had the very best undertakings of public works. Of course, on the public works statement at issue, there are, as we all know, considerable needs in every city. We think that the dominion government, controlling the financial system, should see that money can be secured by provincial governments, by cities and municipalities. The basis on which it was given to them the last time was on the understanding that they did not actually do work which actually came as municipal or civic improvements. So they had to do something on the outside and most of the money, we could say, was lost. That is, there are many cities—there happens to be one that I came from—that spent a considerable amount of money and really had nothing to show for it, whereas useful work could have been undertaken and the country improved to that extent. In fact, the money would not be lost that was put into the building up of Canada, to improve our cities and municipalities, our roads and highways. The national wealth of the country would be increased by that amount and it would not be lost. The particular point that we make, without going into details, is the fact that our people undoubtedly—while they recognize that we are now engaged in war, that possibly through no fault of our own we have to do a considerable amount of war production work—would much prefer to have creative employment instead of just working on work for destructive purposes; that is, if they could be employed at creative employment to build up our country, which we believe is possible, our opinion is that the people generally would agree with that policy. It is quite possible we might have to carry along with a considerable amount of taxation. If that is necessary, then I think the people, if they were told of the idea—that is, if they were carrying half of it or a larger percentage—of what they had to do for the purpose of building up Canada, would agree that it would be worth while. I do not know whether that answers the question. They are the views we have on that.

By Mrs. Nielsen:

Q. Mr. Chairman, I wonder if Mr. Bengough would care to enlarge on that a little further. We all know that at the present time, we are able to carry on this vast program for war because of the extreme measures of taxation, particularly income tax on the higher brackets, corporation tax, excess profits tax and so on. There are some, I believe, who are of the opinion that the only solution after the war is to relieve corporations of the excess profits tax, to stop the very heavy taxation that is incurred to-day, so that industry may have a free hand to go ahead and sort of open up industry again in this country. On the other hand, there is the other school of thought, I believe,

which agrees that industry must still have quite heavy taxation upon it so that the government may have money to go ahead with this form of public works. Would you care to enlarge just a little bit further on your opinion in that direction?—A. Well, I would say that, under all the present circumstances or the circumstances that may arise, we would prefer the latter; that is, we believe that, under the system that we have, it is necessary for the government, any government, to collect the finances, and they have to collect it from where it is. So the taxation would, I think, have to continue on the larger income brackets, including the larger corporations, and those who have money. I think that would be necessary to continue on.

Q. That would include, would it, such price controls also and things of that nature that we have had to use during wartime?—A. We may have some of those too; that is, in the post-war period.

The CHAIRMAN: Are there any further questions?

By Mr. McDonald:

Q. Mr. Bengough, in your statement here you say, "We are living in a machine age. The machine is doing the work." During the period of depression I noted some cases where unemployment work was being carried on, or works for unemployment relief, where the machine was doing the work and the men stood looking on, drawing relief payments at the same time. You stated a while ago that during war time we can produce and keep producing and keep steady employment. The irony of the situation is that when we come to deal with peace-time work, we cannot maintain that because one is for productive purposes and the other is for destructive purposes. When we get back to using the machine again and producing for peaceful purposes, what hours and wages do you suggest should be used to maintain steady production, not to have a period of one or two years of surplus production with the machines running twenty-four hours a day and then the whole machine stopping as it did before. You suggest a reduction of hours. You mentioned that they had been reduced to eight hours a day. What do you suggest as a further reduction in order to take up the slack?—A. We suggest in there thirty hours per week.

Q. You suggest thirty hours per week?—A. Yes.

By Mr. Martin:

Q. That is the six-hour day?—A. Yes. That is, it is suggested. It may necessarily have to be shorter. We suggest there thirty hours a week. But we also state that it is necessary for the real wages and the buying power of the people to be maintained. Otherwise they cannot buy and our home market would suffer as a result of it. There is no question, taking the last unemployment period, men out of work certainly were not a market. It would be very foolish to advertise radios and washing machines and a hundred and one other things we need in our modern existence that we have got used to and have a right to if a man has just sufficient to meet the bare necessities of life. People that subscribe to a low wage policy—oft times we find merchants doing that—are standing in their own light and destroying their own markets. After all I think in the future we may have to take in more of our own washing than we did in the past. Other countries have also built up considerably. They may not want so much of our goods. We know we have had a large lumber industry but do we know we are going to be sure when peace is declared that they will need all we have in Canada. Will other countries in Europe not supply their wants? Their lumber industries in many cases have been developed. We do know that with regard to the wheat situation there has been considerable land put into production in some of these countries that was not put to productive purposes before. We will have to reckon with that in the future. I think you will find that

we will have that in pretty nearly every line of our activities. We have to realize these things. We may have to take in more of our own wash and rely on our own markets. If we are going to have that we cannot do it on a low wage basis. If we have a low wage country we are going to have a dead one whereas, on the other hand, it is quite possible that if we had a high wage country it would be a live one which we would all like it to be.

By Mr. Black:

Q. I should like to ask the witness if he applies that standard of employment that he referred to with regard to lumbermen, to agriculture, the thirty-hour week? How would that affect employment generally and the prosperity of the country? Over Canada I suppose the farmer works at least an average of ten hours per day. Should he not also have his hours of work reduced? I suppose a lumberman would work an average of nine hours per day in our province, anyway. That would increase the cost of producing lumber and agricultural products by at least 50 per cent. Does the witness apply that standard of employment to those occupied in these industries having to do with our natural resources, agriculture and lumbering and so on?—A. Yes, unquestionably. I do not think that we should say that the farmer should not participate in the benefits. I think he should. I do not think farmers are getting anything like what they are entitled to to-day. There is a lot of adjustment needed in that direction.

By Mr. Matthews:

Q. Mr. Black was speaking of hours of work, not income.—A. I think the same thing applies to the farmer. I do not know what particular logging industry he is referring to. In the country I come from the logging industry is a machine job. That machine is surely doing the work, and the hours could be reduced in that the same as in other lines.

Q. Do you recommend that farmers work thirty hours a week in the harvest time?—A. I think they could if they had the machinery which they have to-day.

By Mr. Purdy:

Q. You have no formula for regulating the weather along with the hours of work, have you?—A. No, but we do know this; we had suffering and want from one end of the country to the other prior to this war when nature had been very good to us. We had no droughts; we had no calamities of any kind.

Q. Was not the extreme suffering in the west brought about as much by climate as other things?—A. There was enough grown in other places to take care of it if there was proper distribution established. We still piled up surpluses.

By Mr. Tustin:

Q. Possibly these few lines on page 2 would tie in with some of the questions that are being asked. I see there that you say:—

We have advanced to what has been termed a stream-lined age while our money system has remained at the horse and buggy era.

I wonder if Mr. Bengough could enlarge upon that.—A. Our view there is—I will put it this way—it has often been suggested, and we have all heard of it, that certain school boards need schools. I have some in mind now in the province I come from where there are children unable to go to school. I am speaking now of the city of Prince Rupert. There were about 700 children unable to go to school there because they have not schools. It may be a wartime condition but we have had hospital shortages and other shortages before. If we look into it we see we have the labour, we have the materials ready to go to work to build the school. What is holding us up? What is necessary? What is the answer that we always get? "We have not the

money". That is the reason, that there is a shortage of money and that is the only thing we are short of. What would we do if there was a shortage in any other direction or any other commodity? We would see where we could get some more of it. Maybe there is not enough of it to go around and we need more in circulation. That is quite possible. Of course, some people say that is not possible. I do not know if any of you have heard this but I know of no better explanation. During the last depression there was a story going around the Pacific coast that in the city of Olympia, Washington, where there was a large mill and practically the sole employer in that district, the people were all out of work when the mill shut down. The parson, who was up against it the same as the rest of them, found a \$10 bill. He went and got \$10 worth of groceries at the store that he dealt with because he needed them. The grocer took the ten dollar bill and he went and settled up his debts with the garage man. Afterwards they found when they checked up on that \$10 bill that it had done about \$400 worth of business. Finally it got into the hands of the milkman. He figured that now he had got \$10 it would be a good time to get married and so he went to the parson and he was so tickled that he gave him the \$10 bill. The parson recognized it as the \$10 bill he had found. He thought, "This time I will put it in the bank". The bank said to him, "Look, this is a phoney \$10 bill". So he began to figure it out afterwards and he said to himself, "It may be phoney but I still got \$10 worth of groceries. Everybody else used it for a \$10 bill and settled their debts and nobody lost". Is it not quite possible now for us if we have too little money in circulation to print some more of it in spite of what we are told, even if they were phoney?

By Mr. Black:

Q. It is all based on confidence though?—A. It was all based on confidence, and the phoney \$10 bill was as good as all the others and did just as much good.

By Mr. McDonald:

Q. They tried that in some other countries but the confidence was destroyed and they paid dearly for it.—A. Maybe they did, but at the same time I am giving one instance where it went along all right.

Mr. QUELCH: Mr. Chairman, some of the members have taken exception to the phrase on page 2, "The financial architects of depression". I take it that Mr. Bengough wants to stress the fact that they are not prepared to admit that a depression is an act of God. In other words, depressions are engineered by men. There is no question about it.

The WITNESS: They are man-made.

Mr. QUELCH: You will probably agree that the people who sometimes engineer depressions in the first instance do not intend the depression should become a runaway one but having engineered it they find themselves in a position where they have started something they cannot control. I think we can all remember the year 1928. In the year 1928 there was prosperity in this country generally speaking. Then all of a sudden in 1929 and 1930 we went into a depression that was not the result of any physical changes in this country. Production had not fallen off. We were able to produce just as much in 1929 as we produced in 1928. All of a sudden without reason credit was cut off from farmers and industries. People who had for years been in the habit of going to the banks in the spring to get a line of credit suddenly and without reason found that line of credit cut off. To that extent that curtailment of production was engineered. The statement here is perfectly correct. You might say, "Well, who compelled the banks to curtail credit?" Then probably you are approaching the engineers of that procedure.

Some of you heard Mr. Watson, the labour member from Australia, speak the other day. He referred to what happened in Australia. I mention that fact for this reason; speaking to officials of the Bank of Canada it has been suggested to me that if we had had a central bank in 1929 that the depression would not have run away, but Australia had a central bank in 1929 and their depression was every bit as bad and probably worse than ours. Mr. Watson referred to the Otto Niemeyer mission that went to Australia in 1929 and practically forced the government to introduce a deflationary policy. Anybody who is interested in the program that was forced upon the Australian government can find it in a book entitled "Why I Fight," by J. T. Lang, M.L.A., the former premier of New South Wales and leader of the labour party. He shows how that committee forced the government to pledge itself to balance the budgets of 1930, 1931 and 1932, forced it to curtail public expenditures. We had visits from Sir Otto Niemeyer in this country but unfortunately the government in this country has not been quite so frank in telling us what happened. I am satisfied if we had developed national control of our money system in this country the action of the banks in curtailing credit could have been prevented. At any rate, as soon as the purchasing power of the people started to fall off and as soon as the demand for goods started to fall off it would have been possible for the government to put into operation national projects paid for by money from the Bank of Canada, or from national money if we had no Bank of Canada at that time, which would have helped to maintain the demand for goods.

It is suggested today that we are financing the war by heavy taxation but, of course, we know that is only half right. We are financing this war by taxation only to the extent of about 40 or 50 per cent. We have this year a deficit of over two and a half billion dollars. That is not made up by taxation. That is made up by borrowing.

Mr. MARTIN: No one ever said we were financing the war 100 per cent.

Mr. QUELCH: Not 100 per cent, but I am just pointing out that taxation alone would never make it possible to finance any program of public projects. You will always have to have a certain amount of new money brought into existence. In spite of heavy taxes and in spite of the heavy flotation of bonds we have created to the extent of a billion dollars of new money through the chartered banks of Canada and the Bank of Canada and in peacetime the same procedure would have to be followed. So I think the statement to-day regarding financial architects of depression is very, very valuable. In regard to agriculture somebody has suggested that the problems of agriculture are controlled largely by conditions of weather. It is not merely a question of weather, rather it is a question of prices. I say here as one who has lived on the edge of the drought area in Alberta for a number of years, and as one who has talked with a great many of these farmers that the weather is not their main problem. I have always been told that their main problem has been not droughts, but low prices. That was the situation which prevailed during that period from 1930 to 1939, especially during the first five years of that period; and it was the low prices that licked agriculture. Now I will go further, Mr. Chairman, and say that if we were guaranteed a fair price for agricultural products the labour problem on the farm would not be a difficult one. The farmer is just as anxious and willing to pay fair wages as anybody else but when prices are below the cost of production it is not possible for him to pay fair wages. I still think that if the farmer could have an assured return for his labour, shorter hours of labour on the farm could be applied. That can only be done, of course, providing he secures a price for his products which will make it possible for him to operate in two shifts or three shifts when occasion requires. For instance, I have known farmers to run their tractors from 2.30 o'clock in the morning right through until dark; in some cases running it themselves and that is not good for their

health. Nobody should be expected to run a tractor that length of time. But that is a situation which I have known to prevail. So far as paying fair wages is concerned and recognizing a thirty-hour or forty-hour week, no one would be happier than the farmer to be in a position to work those hours, but the only way he could do it would be by getting a return for his efforts, a price for his production, which would be commensurate with the added cost involved.

With regard to finance, to a large extent our main trouble is in the field of price and credit, and the need of a sound financial system in connection with certain controls; and if we had that I think we could get along quite easily, and that we could undoubtedly prevent depressions in the future. And I think we must have price control, even in peace time; because we all know that as soon as there is more money in circulation prices rise. It is not really inflation at all, it is exploitation. The proof of that is to be found in the fact that before any additional money came into circulation after the declaration of the war, even before the declaration of the war, the price of sugar jumped up. There was only one reason for that, it was exploitation, not inflation. So, in my opinion at least, you must have price control if you want to maintain a fair standard of living and prevent the recurrence of a depression.

Mr. MARTIN: Price control, meaning what?

Mr. QUELCH: Control of prices preventing an increase in prices which means the exploitation of the consumer.

Mr. MARTIN: Would you extend it to other controls over the general structure?

Mr. QUELCH: Yes, I would say that in addition to having a price ceiling you would also have to have a floor price.

Mr. MARTIN: Why do you say that?

Mr. QUELCH: Well, it is absolutely necessary that you have a ceiling, on prices and that ceiling should bear distinct relationship to wages; but it would not be so much a question of a ceiling on wages, that has not been our main trouble; our main trouble has been that we have not had a floor in connection with them that would guarantee a decent standard of living.

Mr. MARTIN: I am sure that Mr. Bengough would never agree to that.

Mr. QUELCH: Now, in order to accomplish that end you would have to take care of a ceiling on prices, you would not only need a ceiling on wages but you would need a floor on wages as well. And see to it that prices bore a fair relationship to your wage level. When you come to talk about the control of wages, I am not worried about a ceiling on them at all, the trouble has always been the other way around. You should have a guaranteed standard of living.

The CHAIRMAN: Are there any further questions or remarks with respect to Mr. Bengough's presentation?

Mr. PURDY: I was going to ask Mr. Quelch if he had studied the question in respect to bank failures in this country.

Mr. QUELCH: We haven't had any bank failures in this country for years.

Mr. PURDY: Wait a minute now, you raised this question where you said that banks should not loan these people anything; if you were in charge of other people's money—and after all the banks have other people's money—would you lend that money out to somebody whom you felt sure would not be able to repay it—is not that the answer?

Mr. QUELCH: No, it is not.

Mr. PURDY: Is not that the situation with regard to banks, that if they lend out money which they cannot get back that causes their failure? Now you say that banks should—that they continue to lend their money out even

though they could not get it back, that when they fail to do that they are the architecture of depression; now, that is what you said to-day.

Mr. QUELCH: The hon. member is suggesting that whilst in 1928 the banks were able to loan money, for some reason or other in 1929 all of a sudden these people had all become uncreditworthy; to suggest that the people of Canada suddenly in one year become uncreditworthy to such an extent that for a period of three years it was necessary to withdraw \$900,000,000 from circulation will not stand investigation.

Mr. McDONALD (*Pontiac*): Is it not fair to say also that a year or two before this depression the banks repeatedly warned the people as to where they were going and they raised the rate of interest in order to prevent them borrowing money as much as 14 to 15 per cent, but that had no effect; so they must have come to the conclusion either rightly or wrongly—and I agree with them—that we had reached the saturation point as far as selling goods on credit was concerned; and rightly or wrongly they came to the conclusion that the time had come to stop the lending of the money and they did so.

Mr. QUELCH: I think that is a rather exaggerated view of the situation. I think that what really happened there was, that under the well known rules of the banks they could not extend the volume of credit to them. The usual practice, of course, has been that they will loan out \$10 of credit for every \$1 of cash they take in; that is, for every dollar they hold they can advance you \$10 of credit. Once that loan exceeds that ratio of ten to one they have to curtail their loans. If the requirements were such that more money was needed in circulation in excess of that amount, that credit ratio should have been increased. I have been told that had the banks been under the control of the Bank of Canada, the Bank of Canada would have been in a position to extend the necessary reserves to the chartered banks and they in turn would have been in a position to expand the amount they could advance on credit.

Mr. McDONALD (*Pontiac*): Well then, how do you explain the situation in the United States.

The CHAIRMAN: Now, gentlemen, I do not want to interrupt this interesting discussion but I was trying to point out that after all Mr. Quelch is not the witness, although he is making a statement and replying to questions. I think so far as the discussion has gone it has helped the record both with respect to questions raised and answers given.

However, if I might I would like to ask Mr. Bengough a question which came to my mind as a result of this discussion, and I am asking it purely for purposes of information; perhaps he is not ready to answer it. The question of credit brings to my mind that during the depression period we found very often radios and other things that were sold on credit seized and taken back by the vendors; that was possible because the credit was not entirely based on confidence in the purchaser but based exclusively on the hold on the article that was sold. I wonder, if you could answer—perhaps you could not—whether you would think in the days to come after the war it would be wiser to have general merchants selling only on a credit based on confidence in the buyer without a lien attached to the article sold—that may not be a fair question.

The WITNESS: I am hardly prepared to answer that, Mr. Chairman.

The CHAIRMAN: That is all right.

The WITNESS: I think it would be much preferable if the people had the money to pay cash and not credit.

Some hon. MEMBERS: Hear, hear. You are right.

Mr. MACNICOL: There are three statements in the brief to which I want to refer for just a moment, and I am glad Mr. Bengough has brought these to our attention because they are along the lines the committee has been thinking.

The first one is on page one, about three quarters of the way down where it says: "We would state, Mr. Chairman, that the membership on whose behalf we are here, are fearful of the post-war period—". That is very important and one of the things that this committee should keep before it; we are all here to plan for the post-war period, so there is a reason for that point.

Then, on page three in the letter written by Mr. Thomas Moore: "I would further suggest that the Imperial Munitions Board and all employers be appealed to that none of their workers be discharged until their factory has been brought down to, at most, a forty-four hour week". The idea there, I presume, is to appeal to all munitions plants and so forth to keep their plants as much in operation as they can at the conclusion of hostilities. We are all in agreement with that; but as one who went through that situation in the period immediately following the last war I know that it is rather difficult for that practice to be followed, and it may happen that way again. Now, on pages three and four, commencing at the bottom of page three is the sentence: "We cannot too strongly urge upon your committee the vital need for the immediate commencement of such undertakings at the cessation of hostilities to avoid an unemployment period while changing from war to peace time economy". We all heartily agree with that statement and this committee has been trying to have brought forward suggestions to enable us to give consideration to things of that kind; because no one other than the government can do it, they are the only ones who can help take up the slack between the moment of the closing of the war and the retooling of the factories, which probably cannot be done in less than six months to a year following the cessation of hostilities. That is important and we endorse a program of works, whether carried on through public bodies, or by private contractors, and we agree that they should be instituted for that reason. And I take it that your Congress of Labour all across Canada, representing labour as it does, must have made some sort of a survey in this connection, and the sooner we can get that before us the more quickly we will be able to concentrate our energies on arriving at a decision that some of these works be gone on with immediately after the war, or such as may in our judgment be advisable. I believe we could get somewhere then, and I think that is a good suggestion on your part; and it is most gratifying to us as a committee to have you so anxious to see that steps should be taken so that there will be no depression after this war. I am convinced that there should not be one if we can only keep the wheels of industry moving so that everyone may have a chance to keep on working and have an opportunity to buy with the wages they make. If we could do that, we would be sure that there would be no depression. Why, every house in the land, high or low; but particularly the ordinary house—the home of the ordinary working man with whom I have been associated with all my life—needs repairs and painting, etc. They need many things they have not got. They should have radios in every house; they should have a piano for their little girls to learn music on; they should have a comfortable life and they haven't got it in any such manner as they should have. Then, mention has also been made of the money problem but I am not going to say anything about the money problem. The men who should be concerned about that are our financial experts. I am old-fashioned and I do not know anything about money, except that it is a thing that should be saved—and that is what I have been doing all my life and consequently perhaps that is why it happens that I have a dollar or two now. However, that is a matter of family economy. But I do believe there is something in this question of money. You know it was not so long ago that we heard a great deal about the revaluation of gold, and I might remind the committee and it is a personal opinion Mr. Peter Robinson of Milton, Ontario was the father of that movement through which gold was raised from 21 dollars plus an ounce to

35 dollars plus an ounce for gold mined in Canada and the result of that was that every low grade gold mine in the country became active at once and gave men work. And the country commenced to move out of the depression. All over the world through the advance in the price of gold improvements took place. That may be the solution, I do not know; I am not advocating for or against that to-day; I do not know enough about gold. But I do remember this, when men were put to work they were able to buy and then the factories opened up to supply what was required.

There is something else in your submission I agree with. I am not going to say I agree with the hour schedule set out, but I believe the working men should be given an opportunity to enjoy themselves. They should have at least one day a week in which to enjoy God's great earth, the sky, the beauties of nature, and be able to take their wives and families out to the parks or on a boat ride and so forth. There should be parks enough for that purpose. Let us take the cities and towns to-day; where can the working man take his children to-day out of town or city in Ontario? Where can he go? If he goes to a little brook outside the town somebody puts his head over the fence and says, "No trespassing." We should have something like they have in England, public commons where other resorts are not available where people can go to enjoy themselves. I hope after the war men will have ample employment and time to enjoy what they earn.

By Mr. McNiven:

Q. Mr. Bengough, I notice in your submission that you place quite a reliance upon governmental work being continued after the war. What would happen when these governmental works peter out? I mean, once the schoolhouse or the hospital is erected that job is done. What continuity would you suggest for employment?—A. I can only say to that, Mr. Chairman, that when we had reached the end of the job then we would have to advise something else, but in the meantime it would take up a considerable amount of slack and meet the immediate issue which confronts us to-day.

Q. I agree with you, Mr. Bengough, but I am thinking of something else. Would you suggest the governmental agencies invade the field that is now occupied by private enterprise?—A. I am not sure; as I say, we would have to meet the first issue. I suppose in that time and day other changes would have to be made, what they would be I do not know as I am not a prophet.

Q. If governmental agencies did invade the field would not they set up a huge bureaucracy where the government would be the only employer?—A. They have been invading during the war period.

Q. I am speaking of peaceful times, normal times.—A. I say they have invaded a lot of them during the war period.

Q. Undoubtedly.—A. They may have to invade a lot during the peace period, I do not know.

Q. What would be the attitude of organized labour if you are asked for your advice in the post-war period?—A. I would say this, that if we can visualize all the public works that are needed all completed; that is, we have all the home improvements that we know are necessary, all the highways constructed that we want, if we reach all these things then I suppose not only the labour movement but everybody else would have to revamp their ideas for the next step, if they still could not keep themselves in employment. However, I cannot go into that to-day; we have not solved the first problem, the immediate one of keeping our people employed.

Q. You would not suggest that the program you have just outlined be undertaken by governments and under government direction?—A. Well, certainly the public improvements such as reforestation and some of the other things

that we briefly mentioned would have to be done by the government; that is, by provincial governments, civic governments and other governments. There is so much of that and that is the immediate issue, and I am thinking of doing first things first. I think this committee has got so much to do in that connection that they do not need to worry about where they will land when all these things are finished.

Q. You do not suggest that all these things that Mr. MacNicol outlined, every home having a radio, every little girl a piano to play on, should be undertaken by the government?

The CHAIRMAN: Mr. MacNicol did not suggest that.

Mr. MACNICOL: I am thoroughly convinced that the ordinary working man's home has not got the comforts that it should have, and to which they are entitled. If they can get adequate wages and work they will buy them, and it would provide a very large amount of work in the factories manufacturing those comforts.

Mr. McNIVEN: I am not quarreling with that suggestion.

The WITNESS: I would say we believe they are entitled to these things and we believe we are living in a time and age where these people could have them, and as to whether they came from the government or some other source that does not concern us very much. We would be satisfied if they had them.

By Mr. McNiven:

Q. I am in entire agreement with you. What I am trying to get at, Mr. Bengough, out of the wealth of your experience and those associated with you, is this: can these things be best brought about through a governmental agency or through what we popularly term private initiative, free enterprise?—A. Mr. Chairman, I am not entirely prepared to go into that discussion this morning, because that is what it is. We are content to-day, viewing the post-war period, to suggest that public works be undertaken, financed by the government, to meet the immediate issue of solving the problem of unemployment in the period after the war when industry will be shut down and the armies are demobilized. In that period, in our opinion, vast projects of public works will be necessary.

Mr. MACNICOL: You are absolutely right.

The WITNESS: They will need to be financed by government money because at that time I do not think we can wait or expect private industry to take up that slack for the simple reason the large conversion of the various factories will take considerable time. There won't be the incentive to hurry up as there was when they were changing over from peacetime to wartime production in the war period, so they may take their time about it and in that particular period it is certainly necessary for the government—as they are responsible—to finance the various projects and make the financing of the projects possible.

The CHAIRMAN: I suggest that is a very fair answer.

By Mr. McNiven:

Q. I agree with that entirely, Mr. Bengough, but what I had in mind was this: take all the government agencies together in this country, they have never provided but a fraction of the employment that was necessary; private industry and industry generally have provided the great bulk of that employment. Now, what plans can we recommend that would enable private industry to continue supplying that employment in the post-war period that they have supplied in the past?—A. Right at the moment, Mr. Chairman, the government is the largest employer we have in Canada.

Q. Oh, to-day?—A. They are providing most of the employment.

Q. To-day?—A. To-day. If it can be done in wartime and that is the only way it can be done by the government becoming the employer, then let them

become the employer in peacetime. That would be preferable to the unemployment situation we had and we are liable to have if we cannot meet it any other way.

Q. Would you agree or disagree with the statement that was made by a prominent C.I.O. leader in Washington: "I would rather bargain with any private employer than with any bureaucrat. The bureaucrat has jails."

Mr. GILLIS: Would you classify what you have to-day as bureaucracy?

By Mr. McNiven:

Q. Here is a statement by Mr. William Green, president of the American Federation of Labour: "If this country ever gets a system of governmental regimentation, labour will suffer most. Labour, therefore, is deeply interested in the preservation of private business; and labour should everlasting maintain that the owners and managers of business are entitled to a fair and just return upon their investment." Would you, as a prominent labour leader of Canada, subscribe to the opinion expressed by William Green?—A. Do I have to?

Mr. MACNICOL: No.

The WITNESS: After all, I do not know what conditions or what particular circumstances confronted him. In many cases we have had, shall I say, harmonious relationship with employers.

Mr. MACNICOL: And always should have; they are always good.

The WITNESS: They are not always good, no, because I was thinking at the time, when you read that "bureaucracy has jails", that private employers oftentimes confront their employees with starvation; I do not know which is the worst. We are not advocating at this time that private industry should be done away with, we are not advocating that.

By Mr. Martin:

Q. What you are stating is what you want is full employment?—A. We want full employment.

Q. To the extent that industry cannot take care of that, the government must provide?—A. That is right. I can say this: when we reach the point that you visualize, that is, all of these public requirements having been fully met and the homes of all have been taken care of in the way suggested, we would be quite prepared to come back at that time to discuss something further.

The CHAIRMAN: Mr. Gillis.

Mr. GILLIS: Mr. Chairman, I have no intention of going into any theoretical discussions. This committee has a definite job to do.

The CHAIRMAN: I agree with you.

Mr. GILLIS: Except to say this. I just cannot understand Mr. McNiven's position in wanting to get back to what we had. We have had seventy-six years of trial in this country—

Mr. McNIVEN: There is nobody suggesting that.

Mr. GILLIS—where free enterprise has had a free hand to develop this country.

Mr. PURDY: And has the country not developed?

Mr. GILLIS: That is a matter of opinion.

Mr. PURDY: Yes, I think it is.

Mr. GILLIS: In 1938 we had 1,000,000 people unemployed in this country; and the very men who are to-day fighting to maintain the institutions of this country, by and large, never had the right to eat in this country as they should have. Make an analysis of your troops overseas in your first contingent and find out how many of them had a job under private enterprise. Personally, I have not any intention of going back to that, and I do not think anyone else

in this country has any intention of going back to that. One thing has been demonstrated to me during the time that I have been in this world, and it is that it takes a war to make our economy work. It takes a war to make the people in charge of this country recognize the fact that they must plan the affairs of this country. If the machinery they have to-day is necessary in war time to effectively prosecute this war, then I think it is necessary in peace time in order to plan the affairs of this country so that each and every man, woman and child in the country may at least have the right to eat, a home, and a little security for the future. You have to plan anything. As I see, what Mr. McNiven terms a bureaucracy, the controls that are set up to-day to keep certain people in line—

Mr. McNIVEN: It is for the purpose of fighting a war.

Mr. GILLIS: You have had a war on your hands for the last twenty years, a war against poverty. That certainly was not taken care of, and it was because of lack of planning.

Mr. PURDY: Did the rest of the world not have the same war?

Mr. GILLIS: Yes. But we do not happen to legislate for the rest of the world.

Mr. PURDY: But we have not a fence around us.

The CHAIRMAN: I should like to say to the committee that Mr. Gillis has a perfect right to continue the argument that Mr. McNiven started; but perhaps if he were to address the chair instead of other private members, it would be better. But he has a perfect right to continue the argument.

Mr. GILLIS: I am talking to the gathering, Mr. Chairman.

The CHAIRMAN: We have a witness here, too.

Mr. GILLIS: Yes. I do not want to go into that discussion. I have very definite opinions on that and I will fight for them to the last ditch. I think the brief presented by the witness is mild and is thought-provoking. I think the meat of the brief, as far as this committee is concerned, is the letter written by Tom Moore to Senator Robertson on the 11th of November, 1918. I think that is the situation we face now. I think the Congress is well advised, instead of waiting until the armistice, to bring this matter now directly to the attention of this committee and to sound the warning note they have sounded in the brief, namely, that as far as those whom they represent are concerned, they have not any intention of sitting idly by waiting for a repetition of 1914-1918 and the twenty-five years that followed.

Mr. MACNICOL: You mean following 1918.

Mr. GILLIS: That is the warning I see in this brief.

Mr. MARTIN: In which we all share.

Mr. GILLIS: In that connection, there is one very important thing that will have to be examined and pronounced upon by those who lead the labour movement, and that is the job of putting that returned soldier to work when he comes back, and the job of keeping in employment the war workers now employed. As we see the situation now that faces us, if the war suddenly terminated we are in pretty much the same position as we were in when Tom Moore wrote that letter in 1918. If you are not prepared to convert the war plants now turning out munitions of war, so that they may be routed into our peace-time economy and perform a service there, then you are going headfirst into what we went into in 1918.

Mr. MACNICOL: Unless a plan of public works is carried out.

Mr. GILLIS: A public works projects plan is not going to solve the problem. It may help it.

Mr. MARTIN: It will cushion it.

Mr. GILLIS: It may help out while you are getting your plants re-tooled. One thing I am very much disturbed by is this. We had the Chamber of Commerce here, and the president of the Chamber of Commerce stated definitely to this committee that, in so far as these creations of the government are concerned—these crown plants that are turning out war machinery which is providing employment for thousands and thousands of workers, many of them who never had a job before, both men and women—when the war ceases these plants will cease and the field will be left open to private enterprise. What does that mean? That means that you are going back exactly to where you were in 1939. That is exactly the position we will be in, and you start over the road again of getting in touch with your municipal governments, your provincial governments, and asking them to assist and help out by the establishment of public works projects and so forth. That means unemployment relief, nothing more nor less. I see the Canadian Chamber of Commerce as the loudest mouthpiece of business in this country; and if that is their plan for the post-war period, then we are fighting the war for nothing, if it is a matter of returning back to what you saw when this war broke out.

I think the immediate program for the committee, and for labour itself, is to definitely decide on a program of maintaining these plants, using these plants to turn out such things as radios, automobiles and so on. You can call them luxuries if you like, but the radio is no longer a luxury; neither is the automobile. These things are necessities in this fast-moving age. We need houses all over this country. If we can build ships, we can turn out materials in these plants to build houses and clear the slums in our cities and so forth. I think the thing we are fighting the war for is to bring about the elimination of conditions that breed wars, discontent, misery and everything that goes with it. I think the main consideration of the committee, and of labour particularly in this country, is to decide now that as far as that boy coming back from overseas is concerned, he is not going back to the relief rolls, and he is not going back to go through the complicated machinery of re-establishment; that if we cannot put him in a job where he will be able to maintain himself as a citizen of this country, then he should stay on the payroll of the Canadian taxpayers. Keep him in uniform, if you like; put him in schools where you can train him and turn him out, but under no circumstances should he be permitted to go back to the streets. On the other hand, if this is not done, I can see a repetition of what you had in Germany after the war; if you demobilize the army and turn your war workers out of these plants, stop the wheels of machinery, and place control in the hands of the people who could not plan the peace in the twenty-five years between the two wars, then there is no solution to the problem except internal strife. That is what I see developing if we are not realistic and do not take hold of the thing and approach it on that basis. That is the immediate problem, to take care of those war workers and that returning army. That is something that we will have to have a definite understanding on in order to be able to put that plan into operation immediately when the war ceases. If it is not done, then the warning that Tom Moore sets out to us in this letter contained in this brief here will be repeated after this thing is over.

With respect to controls, I think controls are here to stay. I think they are necessary. I think conclusive evidence of that was given in the house only last night by Mr. Ilsley, when he pointed out that some 3,000 prosecutions have taken place under the Wartime Prices and Trade Board, not because of workers of this country but because of people who have something to sell, for violations of the regulations.

Mr. MARTIN: How far would you go with your controls, having in mind the immediate job of this committee to find employment? How far would you go?

Mr. GILLIS: I believe in the aftermath of this war that you are going to have to maintain your price ceilings.

Mr. MARTIN: How far would you go with that?

Mr. GILLIS: I would go perhaps a little stronger than what you are going to-day.

Mr. MARTIN: Would you extend it to wages and to rents?

Mr. GILLIS: Yes; definitely.

Mr. MARTIN: Do you think that labour in this country would go for stabilization of wages?

Mr. GILLIS: Yes. I think there should be a floor under wages. I think the workers' organizations should have complete collective bargaining privileges below that floor, in order to raise the wages to the point at which industry is able to pay. Yes, I think a floor definitely should be there. As Mr. Quelch pointed out, your income tax arrangement will take care of the situation.

Mr. MARTIN: What you have said is very germane to our job in this committee. You say you would have a floor. What about a ceiling? Labour would never consent to the stabilization of the wage level. You would remove one of the great arguments for collective bargaining.

Mr. GILLIS: Not necessarily.

Mr. MARTIN: Yes, you would.

The CHAIRMAN: Your question is good, Mr. Martin; and Mr. Gillis' answer is definite.

Mr. GILLIS: You see, this question of controls is something that will take a little time to discuss. You cannot answer it by yes and no. There is quite a lot of mechanics attached to it. What I was pointing out a moment ago was this. Where would you have been in this country since the outbreak of war had you not had your controls. The fact that you did have them and there have been over 3,000 prosecutions is proof positive that the fellow who is selling something is not as patriotic as we think he is. I would also tighten those controls to avoid another thing that Mr. Ilsley put on the record in the house the other night. The Department of Munitions and Supply, the biggest purchaser of commodities in Canada, is not bound by these controls; and Canada Packers and Burns, and the big packing houses are permitted to throw the price ceilings to one side because there is a shortage.

Mr. PURDY: Is that a general thing?

Mr. GILLIS: It was general enough to permit the biggest packing houses in this country to penetrate the price ceiling and throw it to one side because there was a shortage, encouraging the very thing your price ceiling is supposed to guard against, inflationary prices.

Mr. McNIVEN: That was in order to supply meat to the troops.

Mr. GILLIS: It does not make any difference. There should be no reason for puncturing the price ceiling because there is a shortage; none whatever.

The CHAIRMAN: Would you mind, Mr. Gillis, addressing the chair?

Mr. GILLIS: Do not blame me, Mr. Chairman, for this argument. The honourable member drew me into this.

Mr. MARTIN: I was going to say to the chairman that we had a job to do, but—

The CHAIRMAN: You asked him a question, Mr. Martin.

Mr. MARTIN: I know. I was going to suggest that we have a job to do here, and the matter of controls is a very important part of the job of this committee. But I submit that we are getting away beyond that.

The CHAIRMAN: Yes, we are. But I want to point out, as I did before, that Mr. Gillis who now has the floor is not the one who started the discussion along that line.

Mr. GILLIS: That is correct. I said I was not going to do it.

The CHAIRMAN: I permitted the discussion to go this far. I have no intention of forbidding anyone from taking part in it but I would suggest that we are approaching one o'clock.

Mr. McNIVEN: Surely the discussion is not out of order. It is part of the reconstruction program.

The CHAIRMAN: The only part of it that is out of order is that we have a witness here and he is an audience rather than the one giving testimony, but I am sure he understands.

Mr. McNIVEN: I initiated this. I tried to get an opinion from the witness but not very successfully.

Mr. GILLIS: We are merely trying to help him out. We belong to the same class.

The CHAIRMAN: All right, Mr. Gillis; let us always remember that the clock keeps moving.

Mr. GILLIS: I agree with you, Mr. Chairman.

Mr. TUSTIN: I should like Mr. Gillis to reconcile the floor under wages with the price ceiling. You have said that you would put a floor under wages and maintain the price ceiling. Would you just reconcile those two?

Mr. GILLIS: The ability of industry to pay would determine your ceiling. There is no necessity to put it on. On the other hand, with the taxing arrangements that you have to-day paying wages of \$2 an hour is not going to help because it is just taken away from you. What I would do is I would put a floor under wages of 75 cents an hour and allow freedom of collective bargaining below that floor. It is pretty much the same thing as is carried on in the United States. With labour organized as it is in Canada to-day I think it is absolutely necessary that the government should see to it that the unorganized sections of the workers in this country are protected by guaranteeing them a certain minimum. In a country where you are fully organized as they are in Great Britain, New Zealand and Australia, it is not necessary to have wage controls. They are very capable of working that out between themselves, the employer and the employee, but in this country 80 per cent of the workers have not the right to sit around a table and bargain with their boss. I say it is our obligation to see they are protected by instituting certain wage controls. That is not applicable everywhere but it is in Canada. What I started to say was that this discussion is beyond the realm of this committee.

The CHAIRMAN: Not entirely.

Mr. GILLIS: Our job is to plan for the post-war period and see that we have a program that will take care of these men returning from overseas. I think that this idea of keeping soldiers on the payroll of the Canadian taxpayers until we can guarantee them a means of livelihood is something that we should seriously consider. In the second place, the conversion of these war plants is something that there should be no deviation of opinion on. After the last war we were only out of uniform a few weeks when wage cuts were posted up to the extent of 40 per cent. Strikes were precipitated all over this country brought on by these people that you are going to hand everything back to again, and the whole country was thrown into chaos for two or three years. There was no readjustment. We do not want to run into that again. Millions and millions of dollars are going into these war plants. After the last war shipyards folded up, steel mills folded up, plate mills folded up and our merchant marine built by the Canadian taxpayers was practically given away, a lot of it to Japan, while we hired ships from every country in the world to take our commerce to those countries. That merchant marine should have been developed and used and it should be after this war is over.

I want to compliment the men who made the presentation here to-day. I think their arguments are sound. They did not develop it as I would like to have seen it developed. It is simply a warning to us that we have a responsibility and as far as labour is concerned they are going to see that there is no repetition of what happened after the last war.

Mr. MACNICOL: May I ask Mr. Gillis a question?

The CHAIRMAN: If it does not get us into another internecine dispute.

Mr. MACNICOL: He made a statement that 80 per cent of the workers have not the right to bargain with employers.

Mr. GILLIS: That is right.

Mr. MACNICOL: I know from much contact with industry that there are many, many, many plants in Toronto that have shop committees. I do not know whether they belong to unions or do not belong to unions but these shop committees in the plants that I have in mind do bargain with their employers.

Mr. MARTIN: Eighty per cent of the workers in Canada are not organized.

Mr. MACNICOL: I am challenging—not challenging but questioning his statement that 80 per cent of the workers cannot bargain with their employers. I know of a good many plants that have their shop committees which do bargain with their employers. Do they not bargain?

Mr. GILLIS: No, they do not. In their plant councils the superintendent is generally the president and he steps in and bargains with himself by talking to the general manager. The worker has not any representation there at all.

Mr. MACNICOL: These committees in the big plants represent many hundreds of men.

The CHAIRMAN: That is something the committee can inquire into later. Are there any further remarks?

By Mr. Martin:

Q. I should like to ask Mr. Bengough what would be the age which he would suggest should be the school leaving age having in mind the potential labour market?—A. We have suggested that it be raised to eighteen years.

Q. Raise it two years?—A. Yes. The reason for that, of course, is that we believe that with the changes that have been made in technical and scientific progress more education is required.

Q. I agree with you.

The CHAIRMAN: Any further questions?

Mr. TUSTIN: Just one question; Mr. Gillis has made a statement that 80 per cent of labour in this country have no right to bargain with their employers. I just want to say from experience that I know of a good many factories that do bargain with their employees. They may not belong to unions. I am not prepared to say that they do but I have in mind a couple of large plants where there is an employee selected from every part, and they form a committee in that plant to bargain with the management in regard to working conditions and remuneration and everything like that.

Mr. PURDY: Selected by the employees.

The CHAIRMAN: The reporter cannot hear what is being said.

Mr. TUSTIN: That committee is selected by the employees. Every department selects a man to represent them.

By Mr. Tustin:

Q. I wonder if Mr. Bengough can tell us whether that is very general throughout Canada?—A. No, I would say that Mr. Gillis is right in his statement. There has been a list prepared. I just forgot how many—

Mr. MARTIN: On the list of production committees it is formally given as 800 but it does not really represent the number of actual functioning committees.

The WITNESS: There are a lot of them that are not mentioned there, from my own experience. One that was intimately acquainted with it could really classify them in such a list. On the question of production committees, employer-employee committees, I would make this observation that they are still employees and they are still employers when they sit around the table and the employees have not the freedom of movement that they would have as an independent organization, that to quite an extent the employer controls the activities of that organization on account of the fact that he is still providing them with a job and can still take it away from them. So they are not really the lovely thing they are represented to be, in actual experience.

The CHAIRMAN: Are there any further questions?

Mr. MARTIN: Mr. Bengough has put the responsibility—and I am not saying he is not right—entirely upon the state. Industry has a big role to play in these matters. I have in mind, Mr. Bengough, those industries where the men are not employed, because of the very character of the production of the industry, for the whole year. Take the automobile industry with which I am more familiar. Normally because of mass production methods they work about seven months in the year. While they are paid a fairly good daily wage the total of that wage in the course of one year is often times away under a thousand dollars. That is not sufficient income for a man to provide for himself and family and give them anything like the sort of things that Mr. MacNicol thought the average man was entitled to.

The government has some sphere of supervision but industry itself has something to do with that, extending the work, possibly instead of having a model every year having a model that will do two years so that the work can be extended. I am not saying that the government has not a great responsibility. It has, but industry has a tremendous responsibility itself. Many industries are thinking about this problem and planning. I think if these production committees were made to be really effective—something I do not think they really are—they would sit down together, employers and employees, industry and labour along with the state and present ideas and plans for the post-war world. The only point of all this observation is to elicit from you the observation that industry has some responsibility in connection with the post-war world as well as the government?

The WITNESS: There is no question about that. I heartily agree with that, but I think the state has to give them some guidance. So that we really cannot put it anywhere else. I do not know that we are putting it up to this committee; that is the individual attitude, that it has to be responsible; I mean, that it is a matter that we have under advisement. We have given it consideration and I suppose every other group has; naturally, we have, shall I say, certain obligations to meet as well in the same way. It is a problem that we all have to give a great deal of thought to, and which requires that we all do what we can to rectify it.

Mr. MACNICOL: May I say that what I said in reference to the working man and the things he needs for his home apply equally to the farmer and the farm home, and particularly to the pioneer farmer in remote areas.

The CHAIRMAN: Before we adjourn may I on behalf of the committee express our appreciation of the presentation which has been made before us to-day by Mr. Bengough and his associate, Mr. Sullivan; and may I compliment them for the excellent manner in which they have handled themselves before us.

I know they have seen the innate courtesy of the members of the committee and the serious efforts we are making to meet the situation which is confronting us.

The Committee adjourned at 12:50 o'clock p.m. to meet again to-morrow, Thursday, July 8, 1943, at 1:30 o'clock p.m.

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Special Comm. 1943/44.

SESSION 1943

(HOUSE OF COMMONS)

(SPECIAL COMMITTEE)

ON

(RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 25

THURSDAY, JULY 8, 1943



WITNESSES:

Mr. R. C. Vaughan, Chairman and President, Canadian National Railways.
Mr. N. B. Walton, Executive Vice-President, Canadian National Railways.
Mr. S. W. Fairweather, Vice-President, Research and Development,
Canadian National Railways.

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1943

MINUTES OF PROCEEDINGS

THURSDAY, July 8, 1943.

The Special Committee on Reconstruction and Re-establishment met at 1.30 o'clock, p.m., the chairman, Mr. J. G. Turgeon, presiding.

Members present: Messrs. Black (*Cumberland*), Dupuis, Eudes, Fraser (*Northumberland*), Jean, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), McNiven, Martin, Matthews, Nielsen (Mrs.), Purdy, Quelch, Ross (*Calgary East*), Turgeon.

In attendance: Hon. J. E. Michaud, K.C., M.P., Minister of Transport; Mr. R. C. Vaughan, Chairman and President, Mr. N. B. Walton, Executive Vice-President, and Mr. S. W. Fairweather, Vice-President, Research and Development, Canadian National Railways.

Mr. Vaughan addressed the committee briefly.

Mr. Fairweather read the Company's brief and, together with Messrs. Vaughan and Walton, was questioned thereon.

Mr. Gregory, M.P., by leave of the committee, questioned the witnesses.

At 2.55 o'clock p.m., the committee adjourned to meet again at the call of the chair.

A. L. BURGESS,
Acting Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 8, 1943.

The Special Committee on Reconstruction and re-establishment met this day at 1.30 o'clock p.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: Ladies and gentlemen, we have a quorum so we will start right away. I want to thank you for myself and for Mr. Vaughan and his people for the manner in which you have come out. I am going to say nothing at all except that Mr. Michaud, Minister of Transport and Commander Edwards, Deputy Minister of Transport, wanted to be here but they just could not make it. The same is true of Mr. Ian Mackenzie, Minister of Pensions and National Health, who is a member of the committee and Mr. Humphrey Mitchell, Minister of Labour. They are at a cabinet meeting and cannot be with us.

The evidence being given to us today relates only to the Canadian National Railways and does not include Trans-Canada Airways. We hope to have them with us separately on another occasion. Mr. Vaughan, would you say a few words now? You do not mind a quick introduction, do you?

Mr. R. C. VAUGHAN: No, Mr. Chairman, I do not.

Mr. R. C. VAUGHAN,
Chairman and President,
Canadian National Railways, called.

Mr. VAUGHAN: Mr. Chairman, ladies and gentlemen, I will make my remarks as brief as I can, because I know you have to adjourn in order to get back into the house at 3 o'clock.

We are pleased to respond to the invitation to appear before you today. We of the Canadian National realize the tremendous responsibility placed upon this committee to make recommendations to Parliament in respect to ways and means of providing the greatest amount of employment in the post-war period.

The present staff of the Canadian National, and the predecessor staffs, have taken pride in the fact that their railways have been closely associated with the development of Canada during a period of over one hundred years. The first railroads constructed in Canada now form part of our system. The officers and employees of the Canadian National Railways are deeply conscious of their responsibility in the operation of this great publicly-owned transportation system.

The Canadian National Railways is the biggest single industry in Canada, and the largest employer of labor in this country. It has, obviously, a deep concern in the conditions which may prevail in the post-war period. We operate approximately 24,000 route miles of steam railroad. We also operate electric lines, buses, trucks, commercial telegraphs, express services, hotels, coal mines, dry docks and ship building yards, car ferries on the Atlantic and the Pacific and on the Great Lakes and rivers, coastal steamers on the Pacific, deep sea vessels in various world trades, and own Trans-Canada Air Lines, so that we are vitally interested in everything that affects the prosperity of this great land of ours and, indeed, in the well being of all countries.

I quote the average number of our employees in Canada in the years mentioned:—

1928	102,000
1932	71,000
1939	73,000
1942	91,000

In May 1943, the average number of our employees in Canada totalled 93,000.

We are also the largest buyers and users of material in Canada, and, therefore, many thousands of men employed in coal mines, steel mills, lumber mills and in many other industries, are dependent for a livelihood on orders received from us for goods required to operate and maintain our properties; so that, directly or indirectly, there are more people in Canada dependent upon the Canadian National Railways for a living than on any other single industry. When we are not busy the employment of a vast number of people is adversely affected.

It is a matter of deep concern to us when we have to lay off members of our staff on account of lack of work. Our employees have been loyal and industrious at all times. They have cheerfully responded to every request during the war and we deeply appreciate their willingness to meet the calls made upon them.

We would like to be in a position to give all our staff maximum employment at all times, but our shareholders—who are the people of Canada—naturally expect us to manage our affairs with prudence and economy.

We are, therefore, obliged like every prudently managed concern to regulate our expenses in relationship to our earnings. The Canadian National Railways budgets closely its operating and capital expenditures to accord with its traffic. Like other industries we must curtail expenditures in a period of declining business, except to the extent that we may have built up reserves for a particular purpose. Sometimes I think that little consideration is given by some of our shareholders, the people of Canada, to the fact that we have to operate so many unprofitable lines in sparsely settled parts of the country—although these lines are of great importance from the development standpoint—and that the products of the farm, mine and factory are handled in Canada at a lower average per ton mile rate than in any country in the world, except perhaps Japan, where the standard of living is very low. Moreover, no country has the same difficult climatic conditions to operate under.

This committee need not be reminded that no nation can be prosperous with an abnormal number of men and women out of employment. There is, therefore, a responsibility placed on every employer of labour to give serious consideration to the post-war period to the end that, as far as possible, every man and woman who must work for a living, and who is willing and able to work, may earn a living and be able to bring up a family and educate them.

The Canadian National Railways has been giving considerable thought to the matter, and some time ago Mr. S. W. Fairweather, Vice-President of our Research and Development Department, was requested to make, under my direction, a careful study of the matter, and to prepare a report on the subject. Mr. Fairweather has also had the collaboration of the heads of departments of the railway and its subsidiaries.

It may be truly said that a large railroad is never finished. Large expenditures require to be made each year in the improvement and maintenance of equipment, track, structures and buildings in order to keep the railway in a safe condition for operation; to improve the service to the public, and to keep abreast of changing conditions.

The memorandum which we will submit to you contains a number of figures in respect to expenditures that might be made if post-war conditions should

necessitate such expenditures. They are being given to this committee because we have been requested to furnish such information as an indication of the employment that might be provided on useful works if it should be necessary for the government to appropriate public money in the post-war period to prevent unemployment. I would like to make it clear that the figures are being presented to the committee on that basis. Many of the railway capital expenditures to relieve unemployment, set out in the company's memorandum, are such that we could not advocate their being carried out solely for the purpose of protecting the railway's operating position or normal development.

With your permission, Mr. Chairman, I will now ask Mr. S. W. Fairweather, Vice-President of Research and Development, to present our report on this subject. Mr. N. B. Walton, our Executive Vice-President, is also here and after Mr. Fairweather has finished the presentation of our report, we shall be at your disposal.

The CHAIRMAN: Mr. Fairweather will now give the committee the main brief.

Mr. S. W. FAIRWEATHER, Vice-President of Research and Development, *Canadian National Railways*, called:

Mr. MACNICOL: Mr. Chairman, may I interrupt just for a moment?

The CHAIRMAN: Yes.

Mr. MACNICOL: If all the members of the committee have received the brief and have studied it, I have a suggestion to make.

The CHAIRMAN: They all have received it.

Mr. MACNICOL: Many of us have, I being one. I believe we might make further progress if we took this as read, if the committee is agreeable to so doing, and were to start in with the questioning. We can only do that, however, if the members have read it. If they have not read it, then I would wish Mr. Fairweather to read it.

The CHAIRMAN: Have all members of the committee read the submission? I know you all have received it. Have you read it, Mrs. Nielsen?

Mrs. NIELSEN: Yes.

The CHAIRMAN: Would it be satisfactory to you, Mr. Fairweather, if it were printed in the report as read?

Mr. FAIRWEATHER: It is in the hands of the committee.

The CHAIRMAN: Is that the wish of the committee?

Mr. MACNICOL: Mr. Fairweather will not think it discourteous of me to suggest that.

The CHAIRMAN: I do not think so.

Mr. McDONALD: How long will it take to read it?

Mr. BLACK: I think that Mr. Fairweather had better give a summary of his report, without perhaps reading it all, so that we may have the main recommendations.

Mr. FAIRWEATHER: I think it would take about twenty minutes to read it.

The CHAIRMAN: Mr. Fairweather says he could read it in twenty minutes.

Mr. MACNICOL: All right.

The CHAIRMAN: I think possibly he had better read it. All right. Proceed, Mr. Fairweather.

The WITNESS: (1) It would seem fitting, before dealing with the post-war situation, to touch briefly upon the relationship of the Canadian National

Railways to the war effort, because conclusions useful to meeting post-war conditions may be drawn from the experience of the present.

(2) It has been made clear, as a result of wartime conditions, that the railway as a medium of land transport is far from being out-moded. It still remains the most practical and economical medium of handling large volumes of traffic. Likewise, it has been demonstrated that the people of Canada have in the Canadian National Railways an asset of inestimable value, without which Canada's war effort could not have reached the high level which it has attained. The record of the Canadian National Railways in these trying years is a fitting reward to those who had faith in this greatly publicly owned institution. It has been demonstrated in a most unmistakeable way that the consolidated system, comprised for the most part of lines which failed as private enterprises, is one of truly national scope, rendering essential service, adequately, economically, and expeditiously. As a measure of what has been achieved, it might be mentioned in passing that the Canadian National system in 1942 handled more freight traffic than all of the railways of Canada combined handled in the peak year of the last war; and, whereas at that time there was congestion and threats of breakdown of some portions of the railway transportation system, the situation at the present is that 1943 traffic is on an even higher level than that of 1942, and the Canadian National still has capacity to further expand its services. In truth, it may be stated that the Canadian National "serves Canada." This mighty instrument of transportation, which has been so vital a part in supporting our war effort, is destined to play an equally important part in meeting the problems of peacetime production and the expansion of our country.

(3) The Canadian National, however, is more than a railway system. It operates the most extensive telegraph communication system in the country. It operates a chain of hotels. It operates a coastal steamship service on the west coast as well as a drydock and shipbuilding facilities at Prince Rupert. Its subsidiary the Canadian National (West Indies) Steamships operates a fleet of steamships to the West Indies. Another subsidiary, the Trans-Canada Airlines, furnishes continent-wide air transport for passenger, mail and express, and has plans for trans-Atlantic service. Other affiliated companies of the Canadian National operate government-owned ocean steamship services. In addition to a trans-Atlantic service, there have been voyages to the Far East, and it is noteworthy that the last cargo of rubber from Rangoon was carried in a Canadian National steamship. The vessels in these services are, in some cases, ships which have been captured from the enemy, or were the property of countries overrun by the Axis. The Canadian National is also operating ships which have been constructed in Canada since the outbreak of war. All of these activities serve to illustrate that the Canadian National system not only plays an important part in serving the transportation needs of Canadians and Canadian business, but that it is in itself the largest single consumer of goods and the largest employer of labour in the country.

(4) This assemblage of publicly-owned properties is unique in that it is administered in the form of private ownership, and in many respects is indistinguishable from private ownership. One main difference from private ownership, however, is that the capital structure of the system which has been the cause of deficits under less favourable traffic conditions, has been burdened with debts incurred by previous proprietors, which otherwise would have been reduced by the process of bankruptcy.

(5) It is impossible at this time to foretell post-war economic conditions with any degree of exactness. That they will be based upon victory for the United Nations is certain. That they will embrace a far wider conception of economics in practical application to the affairs of the country and to inter-

national conditions is highly probable. That as one of the practical measures of ensuring the "Four Freedoms" some means will be found of avoiding those wide swings from boom to depression which characterized our pre-war conditions, it is logical to expect. The formation and proceedings of this committee on reconstruction and re-establishment implies as much.

(6) The experience of the past has seemed to demonstrate that protection from such violent economic storms as had been witnessed in the past is desirable. It is not the purpose of this submission to deal with matters which have been handled in the Marsh report and by Dr. James in his capacity as Chairman of the Advisory Committee on Reconstruction. This study will deal with the capacity of the railway to furnish employment. Employment, in turn, can be most conveniently considered in any general planning in the light of the national income, of which it forms the basis. It is in such terms that the Marsh report deals, and this submission will, therefore, deal with the inter-relationship between employment in the country at large, as indicated by the national income, the normal employment furnished by the railway, directly and indirectly, and the abnormal employment which might be arranged for under any policy which might be adopted to make up in part for a drop in the national income.

(7) Study of past occurrences indicates an immediate post-war slump in business activity need not occur, but rather, after a short period of hesitation following the conclusion of the war, there will be an expansion of industrial activity brought about by the latent purchasing power present in the country and by the coincident demand for both producer and consumer goods. It seems most logical, therefore, to relate the consideration of post-war activities to a national income approximating that presently attained, which is in the neighbourhood of \$8,000,000,000.

(8) Even if there be no general recession of business activity in the immediate post-war period, there undoubtedly will be a widespread readjustment of employment arising from the re-establishment of the armed forces into civilian life and the change-over of Canadian industry from wartime to peacetime production.

(9) The committee, therefore, will no doubt be interested in knowing what totality of employment the Canadian National system could afford directly and indirectly with a national income of \$8,000,000,000 and what employment could be found for members of the armed forces returned to civilian life.

(10) The total demand of the system for goods and services which, taken together, is a measure of the direct and indirect employment afforded by it, may be approximated to by a consideration of the payroll and of the material purchases, including not only operating but also capital expenditures. There is tabulated hereunder an approximate measure of operating expenses and capital expenditures which, in the aggregate, may be taken as normal for a national income of \$8,000,000,000:—

NORMAL OPERATING AND CAPITAL EXPENDITURES AND LABOUR CONTENT RELATED TO NATIONAL INCOME OF \$8,000,000,000.

		Man Days	
		Payroll	Mat'l Purchases
Operating Expenditures	\$297,000,000	31,000,000	13,000,000
Capital Expenditures	20,000,000	2,000,000	1,000,000
Total	\$317,000,000	33,000,000	14,000,000

The estimated 33,000,000 man days per year on the payrolls of the system and further employment equivalent to 14,000,000 man days per year employed in supplying the railway with goods and services in the ordinary channels of com-

merce makes a total employment of 47,000,000 man days per year. Beyond this there is a great deal of more remote employment arising from secondary distribution of purchasing power.

(11) The committee may also desire to know how this totality of employment might be affected by fluctuations in the national income. There is a close correlation between the national income and the volume of traffic handled by the system, and there is naturally a relationship between the volume of traffic and the totality of employment afforded by the system. Analysis of this relationship indicates that each per cent increase in the national income would be accompanied by .7 per cent increase in employment when consideration is given both to current expenses and to normal capital additions, and that each per cent decrease in the national income would be accompanied by .75 per cent decrease in the totality of employment. In other words, the normal totality of employment afforded by the system would increase and decrease with the national income, but at a slower rate. It might be stated as a generalization that the transportation industry is more stable in its employment than the average.

(12) The immediate post-war employment problem will be finding employment for members of the armed forces at the end of the war. The Canadian National system is proud of the fact that over 12,000 of its employees are serving in the armed forces. Positions will be found for these men when they return to civilian life, which employment will be of the same category or better than the employment they were engaged in when they left to join the forces. While first claim for re-establishment will go to employees who have been granted leave of absence for military service, the railway may find it possible to afford employment to other returned soldiers. This will be possible because of the number of persons presently employed who would not be employed normally, such as married women, women employed in occupations usually filled by men, juveniles, and superannuated employees who have been called back to the service. The number in these categories employed at the moment is 6,000 and it may be assumed that most of the replacements from now to the end of the war will be from the same categories.

(13) Further employment will be afforded in the period of re-establishment by the necessity of picking up deferred maintenance. A shortage of labour and materials has resulted in the railway having to draw upon its reserve capacity to handle the large volume of wartime traffic. Fortunately, indeed, notwithstanding the long period of depression which preceded the war, the Canadian National Railways had maintained all of its main lines of railway and its equipment in reasonably good condition so that it was possible to handle the greatly increased traffic. There is no doubt, however, but that service life is being removed from the various component parts of the system faster than it is being replaced by current maintenance. Rails, for instance, are being worn out faster than they are being replaced. In recognition of this situation, the company has accumulated a reserve against deferred maintenance and, as soon as labour and the necessary materials are available, the maintenance program will need to be enlarged to restore the property to its normal service condition. The amount of such reserves at the present time is \$1,000,000. How much it will amount to at the end of the war is a matter of conjecture. There is a limit to the amount of deferred maintenance which can accumulate without affecting the ability of the railway to carry traffic. The Canadian National Railways still has a margin of reserve capacity, but a note of warning must be given that, if the present high volume of traffic is to be continued, more labour and materials must be provided for railway requirements. The particular needs are steel rails and structural timber for maintenance purposes, also freight car equipment and locomotives. Such deferred maintenance as may exist after the war would probably be recovered in from three to five years

and will increase the immediate post-war employment. The direct employment afforded would be of the order of 4,500,000 man-days, divided approximately between 3,100,000 man-days on the railway and 1,400,000 man-days in furnishing materials. This is on the assumption that the total deferred maintenance would not exceed \$30,000,000.

(14) Employment made available for demobilized men might take the form of direct employment with the enterprise, either in permanent or temporary capacity, or as the result of furnishing of materials and services to the railway. The categories of employment of a permanent nature are very wide indeed and embrace, among others, clerical positions, mechanics, carpenters, freight handlers, as well as the more specialized trades commonly associated with railway work, such as trainmen, enginemen, switchmen, etc. Some of the positions would demand no more special training than is customary in the general run of industrial employment; but those positions in which public safety is involved, chiefly those connected with the running of trains, require a specialized training and a knowledge of the operating rules of the railway, as well as a certificate of physical fitness. Another consideration is that most of the employment opportunities in the railway are governed by collective bargaining agreements with the employees and, while the railway does not operate on the "closed shop" principle, employees who are covered by collective bargaining agreements are protected in their positions by seniority, and new employees can only be taken on at such time as work is available for all those on the seniority list. The problem of placing returned men in permanent positions is a relatively simple one for those who joined the forces from Canadian National employment, because their seniority is preserved for them. The situation as regards permanent railway employment is somewhat different as regards returned men who would become new employees of the railway. The railway, undoubtedly, will give preference to returned men wherever possible, but it must be kept in mind that, in the majority of permanent positions, new employees, at the start, have no seniority to speak of, and must undergo a period of apprenticeship, or part-time work, during which they would secure less than full employment. The customary practice is for such employees when they are temporarily laid off from railway employment to seek employment elsewhere, and to be restored to railway employment when opportunity affords. There would seem here to be an opportunity for arranging for returned men to work into stable employment with the railway, if some organized provision could be made for their employment during periods of temporary lay off from railway employment due to seasonal or other variations in railway traffic. The temporary positions which the railway would have available would be mostly of a seasonal nature and would call for unskilled or semi-skilled labour on construction or maintenance work in the summer and snow removal in the winter. This work would, of course, add to the general pool of employment, but would not lead to permanent employment. It will be seen that a great many problems will arise in fitting returned men into railway employment, unless such men had joined the forces from the ranks of the railway. The railway would, however, co-operate in doing everything possible to meet the requirements of re-establishment, and if conditions are such that railway business is prosperous, positions will certainly be available.

(15) A matter of great moment, although it may not be one which will arise in the immediate post-war period, is the provision of a program of work to maintain the national income at a level considered satisfactory to support the general economic well-being of the country. In preparing such a program for the relief of unemployment by work measures, it is repugnant to common sense to undertake projects which add nothing to the common weal but which merely redistribute purchasing power. This leads to a consideration of projects of a capital nature. It seems to have been fairly well established that about

20 per cent of the effort of the country should normally be expended on capital works and that one of the measures to be adopted in avoiding wide swings in employment is a judicious control of capital expenditures. If this is so and the pitfall of mere "make-work" projects is to be avoided, an extensive program of worth-while projects might be considered which program should fulfil the dual requirements of adding to the common weal and being of such a nature that they can be deferred in periods of good times and undertake in periods of bad times.

(16) Relief of unemployment by capital works extends beyond the direct employment afforded on the job and the direct labour in the furnishing of materials used. Money distributed in wages under such conditions increases the national income more than the amount of the wages, the reason being that the wage earner, in turn, exchanges his wages for goods and services.

(17) From the economic standpoint, the railway is an excellent medium for such a program of controlled capital expenditures for a variety of reasons. In the first place, it has that long continuity of existence which is necessary if capital works are to be justified; then it has that geographical extension into all parts of the country which permits the employment to be adapted to the local need without undue disturbance. Again, the opportunities for expending capital on the railway are very large on account of the fact that the normal relationship of capital invested in a railway to its revenue is on a much higher basis than in industry at large. Finally, the capital requirements of the railway extend over such a great variety of works that it becomes possible to afford employment for almost every type of craftsman, either by direct employment on the railway or through the medium of purchasing equipment and materials.

(18) It has been said that a railway is never finished; research and development are continually modifying railway operations. It is not generally known that technological improvements have been at work in the railway industry to such an extent that the railway industry has doubled its efficiency since the turn of the century. Most of these technological improvements are of a nature that call for large amounts of capital if they are to be fully exploited and any large railway system can usefully employ large amounts of capital. In fact, capital expenditures in the railway industry are more apt to be controlled by financial considerations than by economies. The amount of capital which a railway may expend is to a great extent affected by the immediate effect upon its fixed charges, whereas the benefits to be derived may only be felt over a long period of time. Take, for instance, such a simple matter as the use of a tie. The railway has the choice of paying \$0.60 for an untreated tie or \$1.60 for a tie treated with a preservative. If it chooses the latter, it must wait for a period of 20 years before it is assured of a net return on the capital which has been expended. In such circumstances, the ability of the railway to make large capital expenditures, however desirable they may be, is limited by financial considerations, and particularly so in periods of economic depression, which is the very time when expansion of capital expenditures is most desirable. In the case of the Canadian National, this restriction is aggravated by the heavy burden of a capital structure which has resulted, in a large measure, from the previous history of the component parts of the system under private ownership.

(19) A matter which has a distinct bearing upon the financial position of the railway, and therefore upon its ability to carry out a capital works program, is the competition which has developed between railway and highway transport. This is a subject which merits careful study to see that both railway and highway transportation are treated fairly. At a level of national income as high as that predicated in the Marsh report, there should be opportunity for

both forms of transportation, and the problem will be one of adjusting the basis of competition between them in such a manner that both can be prosperous, while at the same time securing for the country the economic advantage of each. It has been demonstrated that railways are much cheaper than any alternate method of land transport; none the less the earning capacity of the railways has been seriously impaired by the growth of highway competition and, looking to the future, air transport will also become a competing agency on a much larger scale than heretofore. The most serious effect of highway competition has been felt in the railway's freight revenues. This is caused, not so much by the amount of freight tonnage which has been diverted, but because of the high value of such traffic and the adjustments in tariffs made to retain the traffic. The railway is somewhat handicapped in meeting highway competition, because it must move the low grade and bulky commodities of the country at rates which are very low indeed. Freight traffic of this character probably amounts to two-thirds of the total tonnage carried. It must move by rail because the lowest possible transportation cost is needed in handling such commodities. It is plain, therefore, that the railway must secure a sufficient amount of higher grade traffic to make it possible to meet overall expenses, and it is because such rates for higher grade traffic are above the cost of service by highway that traffic is being diverted to highway transport beyond its economic limit, as set by purely cost factors. There are, of course, other features, such as inadequate regulation and a basis of taxation which is not commensurate with the value of facilities made available to the users of the highway; also, there is a lack of organization in labour as regards wages and working conditions. These factors have had a decided effect upon competition, particularly during the earlier phases of the development of highway transport by motor vehicle. Some progress has been made in adjusting them, and, as times goes on, any remaining unfairness may be expected to be ironed out, but, even so, there would still remain the basic conflict, to which reference has been made. This is not to be interpreted as meaning that highway transport does not have a sphere of operations within which it can perform a useful function. The matter is mentioned because it is one of the post-war developments which will need thoughtful attention because it has been amply demonstrated that a nation needs railway service, and therefore some means of resolving this conflict should be found lest a condition should arise in which the railway, which is the only medium of furnishing at lowest costs the transportation needs to develop the resources of the country, should be seriously handicapped.

(20) It is understood that the committee desires to have presented to it a program of works which might be undertaken to expand employment. An endeavour has been made to answer this inquiry. Any program of this nature on a scale sufficiently large to afford substantial relief to widespread unemployment must be accompanied by many reservations, and should be considered at this time as only indicative of what might be accomplished if a policy of undertaking works for the relief of unemployment were to be adopted. It must also be made clear that the Canadian National is in no sense advocating the expenditure of capital on the scale indicated. The policy of the Canadian National for many years has been to undertake only such capital works as could be clearly shown to be remunerative, or are unavoidable. The program of works which is being submitted herewith, goes beyond this scope, because the majority of the projects could not be considered as self-liquidating. The program may be taken as illustrative of the possible scope of a works program as applied to the Canadian portion of the system and its significance in terms of employment. The survey is based upon the opinion of officers who are acquainted with local conditions and has been reviewed and supplemented from

a system point of view. The program has been divided into four groups. These are as follows:—

- (1) Those which expand the company's field of operations.
- (2) Those which are so productive of economy as to be self-liquidating.
- (3) Those which are generally desirable but are marginal in character in that it would be doubtful if the economies to be realized would be more than sufficient to pay interest on the capital.
- (4) Those while having desirable features are not productive of economy sufficient to pay interest on the capital.

These classifications have an important bearing upon the methods adopted for financing any program of capital expenditures designed to relieve unemployment, because a little consideration will show that it is only with regard to the second group that a clear case can be made out for the railway bearing the full cost of the work and, even so, financial considerations, as previously alluded to, may make for a policy of capital restriction. As regards the other classes of expenditures some form of assistance would seem in order. For instance, it has long been recognized that expansion of pioneering railways generally results in losses to the railway, although the country as a whole may benefit substantially. Also while the third and fourth groups may have elements which are advantageous to the country at large, such as, for instance, the elimination of grade crossings and similar works, they add little to the railway's net earning capacity. One of the problems of a large scale approach to capital expenditures designed to relieve unemployment would seem to be some means of evaluating the extent to which the burden of capital expenditures may be laid on the railway.

- (21) A summary of what this program, in its totality, would amount to, and the direct employment which would be afforded is as follows:—

	Amount	Man Days
Group No. 1	\$ 59,500,000	8,800,000
Group No. 2	206,773,000	30,800,000
Group No. 3	270,482,000	40,200,000
Group No. 4	103,537,000	15,500,000
Total	\$640,292,000	95,300,000

Additional information is to be found in the exhibit filed herewith.

- (22) As to line extensions, the Canadian National has no means of knowing the extent to which an expansion of railway facilities in the country may become desirable. That is a matter which depends largely upon post-war conditions, the immigration policy which may be adopted by Canada and the emigration policies of other countries, as well as the tariff and monetary conditions which will affect international trade. It can be said, however, that there is room in Canada for a considerable mileage of main and branch line construction to tap the mineral, forest and agricultural wealth of Canada. The most obvious areas for such development consist of the Peace River and Mackenzie River basins and of northern British Columbia. There are also areas in northern Quebec and northern Ontario which present distinct possibilities, and there still remains considerable territory in portions of the provinces of Manitoba and Saskatchewan which could be developed by branch line construction. It is not possible to submit at this time any definite schedule of projected mileage, and the amount included in the schedule is, therefore, only indicative. It might, however, be informative to the Committee to know that to construct and equip an average mile of pioneering railway would cost \$75,000, and would afford direct employment of 12,700 man days, of which approximately 8,800 would be on construction work and 3,900 would represent the labour in furnishing materials.

(23) Another item to which special reference might be made is the re-establishment of steamship services. The Canadian National (West Indies) Steamships fleet will, no doubt, need new ships as replacements at the end of the war. Some of the ships have been requisitioned for war purposes and a number have been casualties. Again, while the "Lady" boats were reasonably well adapted to the trade and have demonstrated the value of a direct steamship connection between Canada and the West Indies, other ships in the service have not been so suitable, and it would seem desirable at the conclusion of the war to consider a thorough renovation of the fleet and the provision of steamship of a size and type best suited to conditions which have been developed by experience. It is difficult, at this time, to tell what the cost of doing so would amount to as this would depend upon whether the ships are to be built in Canada or abroad, and the extent to which it may be desirable to improve upon the type of vessel for this service. If construction of the ships in Canada should prove to be more expensive than having them constructed abroad, it would seem unfair to have the added cost carried in the capital structure of the enterprise. The replacement of the coastal steamships of the Canadian National is a somewhat similar matter. Some of these steamships have been requisitioned by the government, and the two which remain in service might be replaced with new ships.

(24) It remains to be added that the amount of work which could be undertaken on fairly quick notice would hardly be expected to exceed \$100,000,000 per year if adequate supervision of the expenditures, consistent with sound and economical management, is to be afforded. To summarize the situation, employment opportunities afforded by the Canadian National may be said to be keyed into the national income as follows:—

Assuming a national income of \$8,000,000,000, the Canadian National normal direct employment is estimated at 47,000,000 man days for operating and normal capital expenditures.

For an addition of one billion dollars to the national income, the direct employment would be increased by 4,100,000 man days.

For a decrease of one billion dollars in the national income, the decreased direct employment for the Railway might be expected to be 4,400,000 man days.

Extraordinary capital expenditures designed to relieve unemployment on a scale of \$100,000,000 per year would furnish direct employment of 15,000,000 man days.

Montreal, July 3, 1943.

CANADIAN NATIONAL RAILWAYS

Expand Company's Field of Operations	Self- Liqui- dating Projects	Desirable but not Economically Marginal	Desirable but not Productive of Economy to Railway	Total
New lines and diversions.....	\$ 59,500	\$ 10,325	\$ 24,775	\$ 10,450
Rails and fastenings	66,875	2,734	69,609
Ties	57,800	.....	57,800
Ballast	28,000	35,000	63,200
Cuts and fills	7,400	7,400
Embankment protection	2,060	2,060
Drainage	825	16,450	250
Crossings, roadway and paving.....	300	400
Right-of-way and snow fencing.....	820	1,050	620
Large terminals.....	4,000	7,200	5,500
Yard and passing tracks.....	2,360	3,495	655
Roadway machines	2,268	.....	6,510
Bridges and culverts	1,275	30,521	2,268
Tunnels	150	2,364	10,000
Crossing elimination or protection.....	250	12,514
Buildings	1,805	10,650	17,782
				20,280

Capital Expenditures Designed to Relieve Post-war Unemployment

Company's Field of Operations	Expand Self- Liquidating Projects	Desirable but not Economically Marginal	Desirable but not Economically Productive of Economy to Railway	Desirable but not Economically Productive of Economy to Railway	Total (Thousands of Dollars)
Water supplies.....	2,135	.....	.....	.....	2,135
Fuel stations	750	500	600	1,850	
Enginehouses, turntables, etc.	765	2,136	415	3,316	
Locomotive and car shops.....	1,374	2,587	715	4,676	
Docks and wharves.....	3,000	60	1,900	4,960	
Signals and interlocking.....	10,200	1,800	4,210	16,210	
Equipment.....	7,446	96,000	.....	103,446	
Shop machinery.....	1,000	.....	.....	1,000	
Telegraph and telephone.....	750	5,300	.....	6,050	
Electrifying lines.....	2,850	2,400	.....	5,250	
Surveys.....	.....	.....	450	450	
Fire protection.....	.....	250	15	265	
General unforeseen.....	.....	.....	5,000	5,000	
Steamships .....	.....	15,000	.....	15,000	
Total	\$ 59,500	\$206,773	\$270,482	\$103,537	\$640,446
		(Thousands of Man Days)			
Railway labour	6,100	21,300	27,800	10,700	65,900
Labour furnishing materials	2,700	9,500	12,400	4,800	29,400
Total	8,800	30,800	40,200	15,500	95,300

The CHAIRMAN: Thank you, Mr. Fairweather. And now, we are open for questions. May I suggest that perhaps we eliminate discussion to-day; I am only suggesting it and that we give Wartime Prices and Trade Board priority to questions that will bring out answers. That is my suggestion to the committee.

By. Mr. MacNicol:

Q. I would like to ask Mr. Fairweather if he wants to answer four questions of mine.

The CHAIRMAN: Mr. Vaughan will take the questions and allot them as to him may seem desirable.

Mr. MACNICOL: That is all right, Mr. Chairman. On page 15, under paragraph 22, is set up the cost per mile for constructing railways and the cost per mile is indicated and the number of man days per mile that will result. I would like to ask Mr. Vaughan to answer four questions: First, is the railway company prepared to build a railway from Grand Prairie to Hansard on the Prince Rupert line—that would be via the Monkman Pass. Secondly, is the railway favourable to laying rails on the old roadbed that was started years ago between Spirit River and Poucet Coupe; such a branch would shorten the route for purely Alaska highway traffic. Thirdly, is the railway favourable to running a line direct from Hines creek via Peace river pass to Hazelton to provide a direct coast outlet for north of the Peace river? Fourthly, do you favour extending a branch from Peace River say a hundred miles north towards the Mackenzie river valley?

The CHAIRMAN: I think they have an answer for you.

Mr. VAUGHAN: This of course all refers to extensions from northern Alberta, north and west there. That is a very difficult question to answer. If I were asked a direct question, as you have asked me now, taking into consideration all the other factors, I would say that there is not enough business or settlement immediately available to extend these lines. After all, we have got to look at it from the standpoint of what they will produce in the way of earnings. But, on the other hand, these extensions might be of substantial

advantage to the country in the way of opening up new resources; but I think that would be a matter entirely for the government to decide. We as a transportation company, I do not think would advocate construction of these lines at the present time because we would be as a business institution expected to make a return on them and I do not think we can do so under existing conditions.

Mr. MACNICHOL: There is another question I would like to ask, it is about that northern Peace river country there which you started to open up, did you not?

Mr. VAUGHAN: That is right.

Mr. MACNICHOL: I think that country northwest from Grand Prairie ought to be opened up and it cannot be opened up unless the railway goes in there.

Mr. VAUGHAN: I think the railways have been responsible for the opening up of most of the territories in this country and they will undoubtedly be expected to continue to do that; but on the other hand, speaking from the standpoint of Canadian National Railways, we are very seriously criticized by everybody in times of distress for producing deficits; people do not give any credit to the fact that we may be opening up or developing new country and providing employment for many thousands of men. Therefore, I say, I can only look at it from the standpoint of what it will produce in the way of net earnings; beyond that it becomes a matter of policy for the government to say whether or not they want to assume operating deficits over a considerable number of years in the operation of what might be called colonization lines.

Mr. MARTIN: I have some questions I would like to ask the president of the railways. First, what markets are likely to develop in the railway industry as a result of progress in plastics and light metals?

Mr. VAUGHAN: Undoubtedly as time goes by these materials are going to be used to a greater extent; undoubtedly plastics are becoming more generally used. A great deal is being learned about them during the war and I believe that plastics will come into general use by the railways in connection with various types of construction after the war. Also, I think there will be a greater use of light metals in the construction of passenger equipment, and other types of equipment.

Mr. MARTIN: And a second thing I would like to ask is what amount of income would it take for the Canadian National Railways to be self-supporting?

Mr. VAUGHAN: At the present time while we do not want to boast we are doing reasonably well—we realize that earnings are abnormal at the present time—last year our company's gross earnings were \$375,000,000; this year they will run somewhat between \$425,000,000 and \$450,000,000. We believe that we can make the Canadian National self-supporting with our present fixed charges, which are exceedingly high, on a gross earnings of perhaps \$300,000,000.

Mr. QUELCH: I wonder if Mr. Vaughan could tell us what it takes to justify the construction of a new line; by that I mean the number of settlers per mile they should have?

Mr. VAUGHAN: I do not think I could answer that question; it would depend to a large extent upon the resources available in the country to be developed; whether it was good agricultural land, if coal, or other things were available. If there were nothing but agricultural land it would be a long time before a new line of railway would pay its operating expenses.

Mr. QUELCH: You will recall that away back in the 20's many branch lines were built in the west and a lot of them went down through what we have since come to know as the drought areas; on many of them the rails were laid

but they were not ballasted but an occasional train runs over them—and there are places there where they stop the train, get out and open the gate, let the train through and then close it again—hon. members may laugh at that, but that is the actual fact, that is really happening in my constituency. That can hardly be an economic condition and I assume that that was due to the financial shortage of time. Can those lines be cleared after the war?

Mr. VAUGHAN: They could be completed only under certain conditions, such as being part of the general unemployment program in this country.

Mr. MACKENZIE: I have three or four questions here; what are the prospects for passenger business after the war? I notice that you make reference to that on page 12. And there is another question comes in there from the same page—highway traffic, air transportation and other forms of competition.

Mr. VAUGHAN: Mr. Fairweather has made an intensive study of that and I will ask him to answer that.

Mr. FAIRWEATHER: Your question was as to the post-war passenger business: well, I would say that the passenger business in Canada is somewhat of a challenge to the railway industry. If we approach it from the point of view of past experience we may expect first as an immediate post-war development a continued increase in passenger travel but that if the motor vehicle becomes once more available and gasoline becomes again a usable commodity that passenger traffic would slide away from the railways as it has been doing in the period, let us say, starting in 1920. But for my part I do think that is a necessary result. A great many people will find it convenient to go on the highway in their private automobiles; but I see no reason why if we apply a little science, considerable science, to the problem of making passenger travel by railway more convenient and also cheaper; I do not see any reason why the railway cannot develop the travel habit on the part of the people of Canada higher than it is to-day. After all we are a country of considerable national wealth and a high standard of living and yet our travel habit is rather low; so that I would say it is a challenge to the railway industry. You have another question somewhat allied to that.

Mr. ST. DENIS: Before he puts that question, on the question of the competition between the highways, the automobile traffic and the railways; some years ago Sir Henry Thornton who was then president of the Canadian National Railways was approached with a view to acquiring or establishing a system of buses. I am sure it has been laid down on the table of the committee since then and I wonder if there is any project now; because at the time Sir Henry thought it was not a very fine proposition.

Mr. FAIRWEATHER: Of course, we are in both the bus business and the truck business. We have bus franchises and we also operate trucks. My own personal view is that when the rather chaotic economic conditions surrounding the highway are resolved into something like a background and one can see where he is going, I should think there will be opportunities for the railway to get into the highway business, perhaps not on a country-wide scale, but certainly supplementing its own service. I think there is a great field for co-ordinating highway and rail services. I think the railway is the natural medium for doing that.

Mr. DUPUIS: Do you think that the prospect of carrying passengers and other transport by air will still be a great handicap to the railways?

Mr. FAIRWEATHER: You are speaking of air transport?

Mr. DUPUIS: Yes.

Mr. FAIRWEATHER: I am a great believer in what is good for the country is good for the railway. I have never held any other view. Take, for instance, highway transport. There are a lot of people who say highway transport has been terribly bad for the railway. That it has created problems for the rail-

way I quite admit, but that it has been bad for the railway I deny, because, in the very process of getting the highway development, demands were created for goods and services which the railway had to supply and the general level of industry of the country would not be as high as it is if it had not been for the development of the highway and something of the same nature will develop with air. Anything that makes for the improvement of the national wealth of Canada is bound in the long run to make for the improvement of the railway, because the railway is keyed into the national wealth of the country. We are the base of the pyramid upon which the whole thing is erected. Now, so far as the direct and obvious effect of highway transport and of air transport is concerned, that is quite another matter, and air transport will probably bring problems. That it can do any substantial damage to the broad base upon which the railway operates, namely, that it is the medium of land transport par excellence I deny, because all you have to look at is the relative cost factor. To move a ton one mile by railway costs, all inclusive, somewhere about 1 cent; to move that same ton by highway, all inclusive, will cost you about 6 cents; to move one ton by air, under the most favourable conditions, it will cost you 15 cents.

Mr. MACNICOL: In what kind of a plane?

Mr. FAIRWEATHER: The best plane that you can possibly devise, under the best possible conditions. I have just finished making a review of a rather complete study of this matter by a commission in the United States, and the all-out cost of transportation by air, under the most favourable conditions, is of that order. Now, the exact figures I would not vouch for, the ratios of them are quite correct; that is, it costs about six times as much to move goods by highways as it does by railway, and about fifteen times as much to move them by air. But mind you that is predicated on an all-out position. You can pick and choose and you can get a much different position. That is, you may take a particular instance and you can get a different result, but I am talking of the average conditions.

Mr. DUPUIS: Coming back to the point of view of passenger traffic and the point of view of the traveller himself, is it not true that the saving of time and the expense in securing berths and so on in the long-run travel brings about this result, that it costs a man more to travel by railroad than by air?

Mr. FAIRWEATHER: It is quite conceivable under our present tariff structure.

The CHAIRMAN: I do not want to interrupt, but I would suggest that the questions along this line be made not too long as we have not much time. Answer that question.

Mr. FAIRWEATHER: What I said was this: that is quite possible under the present tariff structure.

Mr. QUELCH: May I ask a question?

The CHAIRMAN: Just one moment. I interrupted Mr. MacKenzie.

Mr. MACKENZIE: My last question was well covered by the answer just given.

Mr. QUELCH: Does this comparison of cost on the highway take into consideration a fair share of depreciation of the highway?

Mr. FAIRWEATHER: Decidedly. I said "all-out cost." I may say with regard to that, a railway equipped to do business costs about \$75,000, a highway equipped to do business, with the vehicles to do the same line of business, would cost around \$200,000.

Mr. McNIVEN: Per mile?

Mr. FAIRWEATHER: Per mile; that is equipped to do business.

Mrs. NIELSEN: On page 6 I notice that the brief mentions the willingness of the company to place returned men in positions. It mentions here that married

women and other women are employed in occupations usually filled by men at the present time. Is it the intention of the company to dismiss women whether married or single to be replaced by men afterwards?

Mr. VAUGHAN: Mr. Walton is in charge of employment.

Mr. WALTON: The arrangement with respect to that is this: those who have been taken on since the beginning of the war are taken on under the understanding of its being wartime employment. This does not mean that their employment necessarily terminates at the end of the war, but it is understood that they are being taken on in the war emergency and that we must protect those who have gone on active service. Now the point may arise where returned men after the war have to be taken care of that there are still some women in employment, they would not necessarily be dismissed, there might still be room for them, but it is generally felt by all that the seniority basis should prevail, the longer a person works for the railway the better is their opportunity to retain their place and work.

Mrs. NIELSEN: I cannot follow that at all. There is one other question I should like to ask. I think we all agree that after the war is over we must never allow a situation to arise such as we had previous to the war, where we had food in some parts of the country spoiling while people in other parts of the country were needing it. I have special reference, of course, to fruits on the prairies. Now, in the event of certain sections of our people after the war being unable to buy certain fruits and certain bulk foods as they are usually distributed and in the event of the government agreeing to try to supply certain areas with food from other areas, would it be possible for your company to quote any cheaper rate for the conveying of the bulk food paid for by the government? Actually you run on a profit basis, which, of course, is correct. Would it be possible for you under certain circumstances to have a cheaper rate for the transference of foods like these to certain areas where they are greatly needed?

Mr. WALTON: I think the only way I can answer that question is to say it has been done on occasion in the past.

Mrs. NIELSEN: Yes, I think so, and would possibly be done again.

Mr. McNIVEN: Was it not done in 1937, Mr. Walton?

Mr. WALTON: I think so.

Mr. McNIVEN: In western Canada?

Mr. WALTON: Yes.

Mrs. NIELSEN: I think it was.

Mr. McNIVEN: There was some reference made to highway construction. I would like to know at what distance the trucks may furnish a more economical form of transportation than the railway, and secondly, has the railway any thought of getting into highway transportation or developing its present highway transportation and is there an opportunity for coordinating highway and railway services so as to avoid wasteful competition? Mr. Fairweather mentioned that it was desirable to co-ordinate highway traffic with the railways. Is there any room for private enterprise in the bus business, for example?

Mr. FAIRWEATHER: May I have these questions one at a time?

Mr. McNIVEN: At what distance does the truck furnish more economical transportation than the railway?

Mr. FAIRWEATHER: That would open a big subject in itself, but I think perhaps the most useful answer I can give to that is this: if you put it on a strict cost comparison of a bulk commodity, naturally the cost is the ruling factor and I would say that up to about 60 miles the truck has an advantage. The railway is a wholesaler of transport and the truck is a retailer, and where

you come to terminal operations the truck is better equipped than the railway. That advantage wears off when the distance becomes a factor, because once freight starts rolling the railway is ever so much cheaper. Of course, there would be a condition in which individual cases it might be economical to truck as high as a couple of hundred miles, but as a generality I would say about 60 miles. Now, what was the second question?

Mr. McNIVEN: Has the railway any thought of getting into highway transportation?

Mr. FAIRWEATHER: Well, as I said before, we are in highway transportation.

Mr. McNIVEN: To what extent?

Mr. FAIRWEATHER: Well, we are in it quite a little bit. In our urban centres, of course, we operate hundreds of trucks and we do a certain amount of over-the-road trucking and we are also in the bus business. One of the difficulties in that situation is that in Canada we have nine different authorities controlling the highway, and it does not make for any policy of co-ordination. I would say that a natural development of the co-ordination of highway and rail transportation would be some hook-up, it might be co-operative or it might be as an arm of the railway. There is a degree of wasteful competition between the two, and it is a problem to work it out. With regard to your question as to whether there is a field for private ownership in buses, decidedly. The answer to that is decidedly yes. Is there another question?

Mr. McNIVEN: I think possibly you have covered the third one. Would there not be an opportunity for co-ordinating highway and railway service so as to avoid wasteful competition?

Mr. FAIRWEATHER: Yes, decidedly I think there is an opportunity, but it would take a great deal more study than has been given to the matter so far.

Mr. McNIVEN: You think it is desirable?

Mr. FAIRWEATHER: Oh, I do.

Mr. DUPUIS: If I understood you correctly, Mr. Fairweather, you think it would be more appropriate and in the interest of the country if highway construction and maintenance thereof were under the federal government?

Mr. FAIRWEATHER: My own personal view is that there ought to be some sort of federal control; but, of course, I recognize in saying that there are all sorts of constitutional questions involved which certainly make the problem difficult of solution.

Mr. MARTIN: That was attempted four years ago, was it not?

Mr. FAIRWEATHER: Yes.

Mr. GREGORY: I should like to ask a question.

The CHAIRMAN: Is it the wish of the committee that Mr. Gregory be permitted to ask a question?

Some Hon. MEMBER: Yes.

Mr. GREGORY: Thank you, Mr. Chairman. I am not a member of the committee.

The CHAIRMAN: That is why I asked for permission for you to ask a question.

Mr. GREGORY: Mr. Chairman, there is one question I should like to ask Mr. Vaughan or the proper official of the Canadian National Railways. Mr. Vaughan, of course, is aware of the fact there are many branch railway lines running out of the city of North Battleford in Saskatchewan, northerly, north-easterly and northwesterly. Then there are branches off these branches. I refer particularly to the branch known as the St. Walberg branch, running out

from Spruce lake westerly to Frenchman's butte, Saskatchewan. Then at the other end, the Edmonton end of the Canadian National Railways there was built years ago a branch back to Heinsburg. Now it so happens that the territory westerly from Frenchman's butte to the Alberta boundary line is in my constituency and I am being repeatedly requested by the people of that big area adjacent to this gap between Heinsburg and Frenchman's butte to take up with the Canadian National Railways the question of building this gap between Frenchman's butte and Heinsburg.

Mr. MACNICOL: About 40 miles.

Mr. GREGORY: Mr. Vaughan will agree if that gap were filled—

The CHAIRMAN: Will you make your question brief?

Mr. GREGORY: I am coming to the question. If that gap were filled there would be a continuous railway from Edmonton to North Battleford and out to the outer world. Will the Canadian National Railways consider placing the building of this gap on the program of reconstruction immediately after the war is over?

Mr. VAUGHAN: In response to that question I would say that all those matters will be considered very carefully at the proper time. I know that territory very well and I realize that gap exists. It would be a very nice thing, of course, to close that gap and it would perhaps be a very good thing in the development of the country. When the depression came along, as you know, everybody had to curtail.

Mr. GREGORY: Yes. That is right.

Mr. VAUGHAN: We probably curtailed as much or more than anybody else in our expenditures. We have considered that line at different times, but we have not made up our minds as yet when it should be finished. But that is a matter that will engage our attention, I think, when the war is over.

Mr. JEAN: Mr. Chairman, I notice in the brief there is something about the West Indies Steamship service. Could you supplement your brief a little as to the utility of that service in the past and what you foresee for the future?

Mr. VAUGHAN: That service was established really to carry out the trade agreement which was made by Canada with the various West Indies islands. Prior to that time, the dominion government subsidized to the extent of \$500,000 or \$600,000 a year steamship companies to operate to the eastern islands and to Jamaica. The boats used in that service at that time were old and very slow boats; so that the dominion government obligated itself to put on a service with modern vessels; the trades were specified and the points of call were specified. That agreement was carried out faithfully by the Canadian National Steamships. But, of course, when the war came along, a number of our boats were requisitioned and some were lost. We still have ten or twelve boats in that West Indies service. We are not able to make all the calls that we made before. The Canada-West Indies trade agreement, I think, has expired; but I have no doubt that at the proper time the dominion government will again consider the renewal of that agreement.

Mr. JEAN: Is that service still operating?

Mr. VAUGHAN: Yes, the service is still operating.

Mr. JEAN: How many ships have you?

Mr. VAUGHAN: We have ten or twelve ships in that service at the present time. We are serving most of the islands. But we are not calling at some of them, such as Bermuda and Nassau, because we have not sufficient ships in the service.

Mr. McDONALD: In that connection, may I ask this question bearing on it? What is the outlook for what is known as stream-lines in the passenger service.

Mr. VAUGHAN: I presume you have in mind a service such as has been given by the Queen Elizabeth and the Queen Mary in the trans-Atlantic service. My own opinion is that there will not be the same demand for that service after the war as there was before the war, because people who desire to go to England quickly and luxuriously will probably travel by air in the future. I think there will always be a demand for a vessel of perhaps 8,000 or 20,000 tons capacity which can carry a reasonable number of passengers and a good cargo of freight.

Mr. McDONALD: One other question while you are on your feet. Is there much opportunity for the development of Diesel locomotives?

Mr. VAUGHAN: The use of Diesel locomotives has been given much study by us. We were one of the first railroads on the continent to use Diesel locomotives. We have a number of Diesel switching engines in service at the present time and we are adding to them. We have no Diesel road locomotives in service at the present time, but that is one of the studies which is being made by Mr. Fairweather who is head of our Department of Research and Development and is something that will be considered when Diesel locomotives are available at a reasonable price.

Mr. JEAN: May I ask another question? Do you contemplate electrifying your lines in large centres like Montreal or Toronto?

Mr. VAUGHAN: That has not been given a great deal of consideration except so far as the Montreal terminal is concerned. With the opening of our terminal in Montreal on July 14, the trains that come in from Turcot and from the south will all come into the electrified zone. We are operating electric locomotives from Montreal as far as St. Eustache; but we have not given any consideration to the general question of extending our electric service beyond that. These matters are all being studied from time to time in order that we may adopt whatever is the most economical thing to do for the improvement of our service.

Mr. JEAN: Do you not think it would be a good thing, in a city like Montreal where you come into the heart of the city, to have all your lines electrified?

Mr. VAUGHAN: Our trains coming in there will be electrified.

Mr. DUPUIS: From St. Lambert?

Mr. VAUGHAN: Electric locomotives will be attached just this side of the Victoria bridge; and trains coming from the west will have electric locomotives attached at Turcot.

Mr. DUPUIS: Is that the south side of Victoria bridge or the north side?

Mr. VAUGHAN: Just this side of Victoria bridge.

Mr. DUPUIS: You mean speaking as if you were in Montreal?

Mr. VAUGHAN: Yes.

Mr. WALTON: West.

Mr. MACNICOL: Mr. Chairman, the duty of this committee is to survey the possibility of providing jobs immediately after the war, is it not? The railway brief has submitted several plans. Time will not now permit us to discuss those plans. I think that is our duty and that is what we should be discussing. I asked at the outset in reference to three or four railway projects. I should like to know now into what classes Mr. Vaughan or Mr. Fairweather would put those, groups 1, 2 or 3. Take the railway from Grande Prairie, 150 miles, to Hansard. In what group would you put that?

Mr. FAIRWEATHER: That would be in group 1.

Mr. MACNICOL: Fine. That is 150 miles. Then there is the railway from Hines Creek to Hazelton?

Mr. FAIRWEATHER: That would be group 1, too.

Mr. MACNICOL: That is fine. That is 450 miles more or less. Then there is the 40 mile project which Mr. Gregory spoke of connecting across the gap between the two railways that do not meet between Battleford and Edmonton.

Mr. FAIRWEATHER: Group one.

Mr. VAUGHAN: I should like to make a statement there. We are not the sole owners of the Northern Alberta railway. That railway is owned jointly by the Canadian Pacific and ourselves and anything that would be done would have to be by joint arrangement.

Mr. MACNICOL: This committee will back up the two railways in completing those projects. I should not say this committee, but I will for one.

The CHAIRMAN: You and the chairman.

Mr. MACNICOL: Especially the chairman. Connecting up the line from Hines Creek to Hazelton might cost approximately \$33,750,000. That will extend for a distance of 450 miles going through the mountains mostly and will provide 5,715,000 man days labour according to the brief. That is a fine start towards giving jobs. The railway from Grande Prairie to Hansard, 150 miles, will cost \$11,250,000 according to those figures, and subject to all other conditions that will enter in, and will provide 1,905,000 man days labour according to your figures. The two projections will cost \$45,000,000 and will give 7,620,000 man days. My hon. friend from The Battlefords has suggested a very apt extension of the railway connecting up the railways that do not connect up between Battleford and Edmonton, a gap of 40 miles. I remember last summer I had to go around about myself to Edmonton from that country. According to your figures that railway would cost approximately \$3,000,000 and would give 508,000 man days. The three projects, all of which are number one—and you describe number one as those which expand the company's field of operations—would cost approximately \$48,000,000 and would provide a total of 8,128,000 man days labour. That is fine. If we can get that through that would be a fine start towards putting a lot of men in jobs after the war.

Mr. VAUGHAN: I presume that you gentlemen will arrange that the government will not charge the railway with the deficit on the operation of those lines.

Mr. MACNICOL: We had to put it up before.

Mr. MARTIN: I should like to suggest to Mr. Vaughan, at the expense of this committee not appreciating the importance of this question, that one of the first things that I hope the Canadian National Railways will do at the end of the war is, in one of Canada's important cities and one of the entrances from the United States to this country, build a station at Windsor satisfactory to the growing size of that community. It is a disgrace.

The CHAIRMAN: Is there any answer to that?

Mr. VAUGHAN: I am afraid I cannot take very strong issue with you there.

Mr. MACNICOL: I might ask Mr. Vaughan to support those who along with myself are advocating the building of these three lines.

The CHAIRMAN: I think he will.

Mr. VAUGHAN: I did not get that question?

Mr. MACNICOL: Would you be favourable, providing the money and everything else required, to building the three projects that I outlined which are in group No. 1?

Mr. VAUGHAN: That is too big a question for me to answer. It would depend upon a survey being made of the situation as to the need for these lines, what they will produce, the territories they will serve, the territories they will develop and the amount they would earn. As I said before that is about

the only way we can look at it. There is no one realizes more than I do that you cannot develop a country without railroads. Railroads must come first in the development of any country but, on the other hand, we, as any private industry, cannot advocate the spending of money on lines if we cannot see an adequate return from them.

Mr. MACNICOL: Perhaps between now and next year when this committee starts meeting again you will be able to furnish the committee with specific figures in reference to these three projects.

Mr. VAUGHAN: We will try and do something along that line.

The CHAIRMAN: Any further questions?

Mr. DUPUIS: While we are talking about these projects, for a long time there has been a project of building a line as an outlet to the Peace River country. Has your company any such project in mind for after the war?

Mr. VAUGHAN: I think that is just what we have covered.

The CHAIRMAN: That is what we have been talking about just now. Any further questions?

Mr. MACKENZIE (*Neepawa*): On page 8 you talk about specialized training. Does the railway maintain schools to train employees, and does the railway give courses of instruction to prospective employees?

Mr. VAUGHAN: Yes. We have different schools where our employees are being trained. Apprentices are being trained for the shops. We have schools for the training of telegraphers; we have schools for the training of trainmen, engineers, conductors and firemen. Our men are all put through courses of training before they are put into actual service.

Mr. BLACK: I should like to ask Mr. Vaughan with respect to the cause-way at Canso. Has the Canadian National railway made an estimate of the actual economic saving there would be in having such a causeway or bridge across Canso, and have they arrived at a policy that they recommend from the standpoint of operating the railway to greater advantage?

Mr. VAUGHAN: I think this matter was considered by committee not very long ago, Mr. Black. We have quite substantial facilities across the strait anyway; car ferries and piers on both sides. It is rather an uneconomical method of operating but it has filled the bill over a long period of years. In normal times, the coal and steel business can be handled that way but undoubtedly it would be to the advantage of the railway and all concerned after the war if there were some other means of getting across the strait.

Mr. BLACK: Have you been able to make an estimate of the traffic that is now being carried? What capital outlay the railway, independent of any government subsidies, would be justified in making in order to serve your present needs?

Mr. VAUGHAN: I think Mr. Fairweather made a study of that not long ago.

Mr. FAIRWEATHER: I think it was in this very committee that we had a long discussion on that particular matter.

The CHAIRMAN: I think that is on the record, I think it was put there when you were absent, the very information in which you are interested, Mr. Black.

Mr. FAIRWEATHER: Yes, Mr. Chairman, it is all on the record.

Mr. BLACK: Did Mr. Fairweather make an estimate or a statement of a calculation as to what the capital outlay the railway would be warranted in making in order to serve their present needs there?

Mr. FAIRWEATHER: Well, I might say that the general tenor of my presentation was to this effect, that the traffic across that particular gap was very susceptible to water competition and that we could not predicate capital expenditures on the present basis of traffic—that was the tenor of my evidence.

The CHAIRMAN: Mr. Fairweather would like to make a statement in connection with something already said by him.

Mr. FAIRWEATHER: It is not really a correction, Mr. Chairman; it is to make sure that I did not leave a false impression: a member of the committee asked me with regard to what my views were on federal regulation of highways, and it might have been gathered from my remarks that I had not paid proper tribute to the very excellent work which the provincial bodies are doing; they really are doing a splendid piece of work. When I said I thought there should be federal regulations I did not mean it at all as a criticism of the bodies or what they are doing within their proper spheres.

Mr. ST. DENIS: That would facilitate a solution of the problem.

Mr. FAIRWEATHER: Yes, the trouble is that we have nine provinces with nine different policies.

The CHAIRMAN: Is there anything further? It is getting pretty near time for us to go into the house.

Mr. MACKENZIE: Something came up in the house in the estimates on the Department of Agriculture which dealt with the movement of coarse grains by the railways during the past year. If I remember correctly he said that in the period of which you spoke they had hoped to have about 200,000,000 bushels of coarse grain moved into the United States and east from the head of the lakes—200,000,000 bushels. As a matter of fact there was less than half that movement. He was not criticizing the railways at all but just that. I was wondering if you thought it would be possible to increase that movement.

Mr. VAUGHAN: We can handle a lot more grain than is being offered. There was a time at the first when we were rather short of cars; but Mr. Walton attended several meetings on that and I think he can give you more information than I.

Mr. WALTON: We attended the meetings of the Grain Committee of the cabinet and other meetings. The situation is this, that during the severe winter weather handlings were naturally cut down. Ever since the cessation of bad weather we have been in a position to handle a considerably greater quantity of grain than has been rolling. Various causes contributed to it, but as far as the railway position is concerned we can handle more than is being offered to us at the moment—I am speaking only for the Canadian National, of course.

Mr. McDONALD (*Pontiac*): What proportion of it is handled after the navigation season opens as compared to what is handled during the winter season?

Mr. WALTON: I have not the figures on that with me.

Mr. McDONALD: I mean, just roughly.

Mr. WALTON: It depends again on what you are speaking of. This season there was a most unusual movement during the winter in that some went to the United States for milling and some for their consumption in the United States and wheat was moved to Fort William going to the elevators ready for the opening of navigation. It was really a most unusual season in the diversification and moving of grain; but again I say that the only disability we suffered on the railway was during the very extreme winter conditions which we experienced last year.

Mr. McDONALD: My question had to do more particularly with operating from Fort William east.

Mr. WALTON: Taking last winter as an example, the winter movement of grain east across northern Ontario was—we were handling in the neighbourhood of 200 cars of grain a day and usually that drops off once navigation opens.

Mr. McDONALD: That was the point I wanted to make.

Mr. WALTON: But again there was a marked increase in the rail movement of feed grain to eastern Canada, of which we can handle any reasonable quantity they offer us.

The CHAIRMAN: I think it is time for us to go down to the house and I am hoping that every member of the committee will accept that as my excuse for rushing things the way we have this morning; however, that is about the only way in which every member could be given an opportunity of asking questions.

I want to say to Mr. Vaughan, Mr. Fairweather and Mr. Walton that we thank them for the very able manner in which they have presented the case of the Canadian National Railways to us.

The Committee adjourned at 2.55 o'clock p.m. to meet again at the call of the Chair.

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SESSION 1943

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 26

THURSDAY, JULY 15, 1943



WITNESSES:

Mr. A. R. Mosher, President, Canadian Congress of Labour.

Dr. Eugene A. Forsey, Director of Research, Canadian Congress of Labour.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

THURSDAY, July 15, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 1.30 o'clock, p.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Authier, Black (*Cumberland*), Gray, Hill, Jean, MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), McNiven, Matthews, Nielsen (*Mrs.*), Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon and Tustin.—17.

In attendance was Mr. Walter S. Woods, Associate Deputy Minister of Pensions and National Health.

The Chairman introduced the following officers of the Canadian Congress of Labour:—

Mr. A. R. Mosher, President;

Mr. Norman S. Dowd, Executive Secretary; and

Dr. Eugene A. Forsey, Director of Research.

Dr. Forsey presented a brief on behalf of the Canadian Congress of Labour, and he, with Mr. Mosher, was examined.

By permission of the Committee, Mr. MacInnis, M.P., examined the witness.

The witnesses retired and the Committee adjourned at 3.00 o'clock, p.m., to meet again at the call of the Chair.

J. P. DOYLE,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

JULY 15, 1943.

The Special Committee on Reconstruction and Re-Establishment met this day at 1.30 o'clock p.m. The chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: Ladies and gentlemen, we have a quorum; if you will kindly come to order. We will start to business as we have only a short time left.

We have with us this afternoon Mr. A. R. Mosher, President of the Canadian Congress of Labour, Mr. Norman S. Dowd, executive secretary of the Canadian Congress of Labour, and Dr. Eugene A. Forsey, director of research for that body.

I am going to make no extensive introductions except to say that the Minister of Pensions and National Health who is a member of the committee asked me to express his regrets that it is impossible for him to be here as he is putting his estimates through the house; and the Minister of Labour, who had also intended to be with us to-day, finds it impossible to be here on account of being required to attend a cabinet meeting.

Dr. Forsey is going to present the brief to us—I do not know whether you can read the brief in sufficient time for us to have a question period following it or not, Dr. Forsey; if you would like we could put the brief on the record and you can read such portions of it now as to you may appear to merit special emphasis.

Dr. EUGENE A. FORSEY, called.

The WITNESS: I think it would take from about forty to forty-five minutes for me to read the whole brief and possibly if I follow your suggestion that would suit the convenience of the members better, and would leave some time for discussion.

Mr. Chairman and members of the committee: The Canadian Congress of Labour appreciates the opportunity to place before you the views of the organized workers it represents with regard to some of the aspects of post-war reconstruction to which your committee has been giving consideration. It may be desirable, at the outset, to state that the congress is a central labour body composed of local chartered unions, national affiliated unions, and the Canadian branches of international industrial unions. It has also chartered labour councils in various industrial centres, and represents a membership of upwards of 200,000 workers in every branch of Canadian industry.

Some aspects of the problem of reconstruction have already been adequately presented to you. Others have been, or are being, dealt with by other bodies, such as the Special Committee on Social Security. We have no desire to burden the record with repetitions of evidence already given by others, nor to ask you to travel outside your terms of reference. This submission, therefore, will make no attempt to cover the whole ground. But there are certain features of the evidence already presented to you which, in our judgment, deserve further emphasis; there are other features on which we feel bound to offer critical comment; and there are some important considerations which, as far as we are aware, have not been set before you at all. With these matters we now propose to deal.

I. THE TRANSITION PERIOD

There seems to be general agreement that, for some little time after the war many, if not most, of the present wartime controls will have to be maintained, with, of course, suitable modifications to meet changed and changing circumstances. A continuing shortage of consumers' goods during the period of reconversion to a peace economy would alone make this necessary. Any sudden lifting of the controls could lead only to chaos. There seems to be general agreement also that, during the transition period, governments (dominion, provincial and municipal) must be prepared to take up any slack in employment by means of extensive works programs, and that these programs should be fully thought out and planned in detail now, well in advance of any emergency which may arise. With the submissions which have been made along these lines we are in general agreement. We suggest also that our governments might well apply in this country the recommendation of the National Resources Planning Board for the United States: that local governments take advantage of their present improved financial position to accumulate funds for post-war construction, and that the federal government create a special type of security in which such funds could be invested.

Maintenance of the present controls, and an extensive works program, are essential if we are to surmount the difficulties of the transition period. But it will be next to impossible either to maintain the controls or to carry through the works program except on two conditions: (a) democratization of the controls, and (b) democratization of the planning and execution of the works program. The policy cannot be carried through by imposition from above. Representatives of organized labour, farmers and consumers will have to be admitted to a share in the controls, and in the planning and administration of the works program. It is hard enough to make the controls work in wartime with labour, farmers and consumers almost wholly excluded from the controlling bodies. But, under threat of attack from outside, people will submit to being pushed round in a fashion which they simply will not tolerate in peace-time. Once hostilities cease, they will accept the necessary controls only if those controls are in the hands of their own representatives. The admission of such representatives to the controlling and planning bodies is, as we have repeatedly argued elsewhere, already urgently necessary for the tasks of war. It will become even more necessary when the last gun is fired and we address ourselves to the infinitely more complex tasks of reconstruction.

Specifically, representatives of organized labour should be admitted forthwith to all the controlling bodies and all the committees charged with post-war planning; and the appropriate organizations should be continuously consulted on all questions of reconversion, construction programs, training and retraining of workers, and so forth. To some extent this is already being done, but there is not nearly enough of it. Perhaps no single measure would do so much to restore labour's waning confidence in government, and build up workers' morale.

II. PERMANENT CONTROLS

The task of this committee, however, is not simply to plan for a transition period. It is to reconstruct the national economy of Canada. We are not fighting for mere survival. We are not fighting to get back to the pre-war situation or a slightly improved version of it. We are fighting to lay the basis of a new Canada in a new world. Without victory there can be no reconstruction; but without reconstruction victory will be sterile. Total war against the axis powers must be followed and crowned by total war against poverty, insecurity and fear.

In that war as in this we shall need all the resources we can muster. We cannot afford waste. We must see to it that, as the Wartime Prices and Trade

Board puts it, "minimum essential needs are satisfied by the use of the least possible amount of man-power, materials and machinery." The elimination of superfluities must be permanent. We must not go back to the old chaos of unlimited competitive advertising, competitive sales forces, half-a-dozen competing milk or bread deliveries following one another up and down the same streets.

For these reasons we believe that certain of the wartime controls must be made permanent, though, of course, this will make even more imperative democratization of the controlling bodies to which we have already referred. We must maintain some measure of foreign exchange control, to ensure that our limited supplies of foreign exchange are used first and foremost for essential social needs. We must maintain bulk purchase of essential imports, and bulk sale of staple exports (as in New Zealand even before the war). We shall need to continue the priorities system in some form and to some degree. We must direct the whole economy to the satisfaction of real needs first, and the provision of luxuries only after the needs have been met. The governing principle must be, "Why should there be any rich while there are any poor?" Whatever controls are necessary for such purposes must be kept not only for the transition period, but for as long as they may be needed.

III. FULL EMPLOYMENT

There seems to be general agreement that the new Canada must provide full employment, at the highest possible standard of living, for all citizens able and willing to work. With this we are, of course, in complete accord. But "full employment" can be interpreted to mean very different things. The Canadian Chamber of Commerce, in its submission to your committee was careful to explain that when it said "full employment" it did not mean what the ordinary person would suppose it to mean. What it did mean may be discovered from the Lever Brothers pamphlet, "The Problem of Unemployment," from which the chamber quoted with approval on this very point. The pamphlet says:—

There is a misconception which is only too common, namely, that full employment, in the sense that every worker is employed full-time for the whole of the year, is the desideratum to be aimed at. Apart from the fact that such a situation is far from natural and has never characterized the periods that were the happiest for the working population, it would be impossible to keep economic life continuously at such a pitch. It is a situation which has existed only at the top of a boom or in wartime. The government, in aiming at regularizing economic life, should never aim at regularizing it at top speed. The social machinery cannot stand this continuously any better than any other machinery can. Regularizing means establishing a more or less lasting situation—unavoidable interruptions apart—which is only possible when the productive capacity both in men and machines disposes of a certain reserve.

. . . If the regularizing of productive activity could be achieved, actual unemployment should remain around a percentage that would very likely be lower than 8½ per cent.

The body of the actual unemployed would consist of people who are changing their jobs, of seasonally unemployed and the like, and of a certain reserve of people waiting for work . . .

Economic developments that influence employment would be mirrored by the changes in the numbers and the sort of unemployed that would form this reserve. The development of a general boom or a general depression would have influences on the composition of the reserve visibly different from those arising from causes that were peculiar to

the structure of some industry or were local or seasonal. The government should watch both the numbers and the sort of unemployed of which the reserve consists, and should adapt its anti-unemployment measures accordingly.

If, therefore, in times of industrial expansion, the reserve showed a tendency to diminish below a certain level, the government should start putting the brakes on that expansion by slowing down its own investments and, if necessary, discouraging private investments. If, on the other hand, the changes in the composition of the reserve showed that permanent unemployment was on the increase, the government should do the reverse. ("The Problem of Unemployment," pp. 30-32.)

This appears to be the official view of Canadian employers. As such, it deserves the most careful examination.

(a) We cordially agree that workers should not be expected to work the whole year through without any period of rest and recreation. We welcome this endorsement of holidays with pay as an integral part of any tolerable plan for reconstruction.

(b) But, apart from the necessary holidays, unavoidable interruptions, people who are changing their jobs, and a small amount of seasonal unemployment, we are unable to see why full employment in the most literal sense should not be the "desideratum to be aimed at." We see no reason at all why there must be "a certain reserve of people waiting for work." It cannot be stated too emphatically that this is not organized labour's idea of full employment, nor is it an idea that organized labour can accept. For us, full employment means full employment, in the sense in which any ordinary person understands the words; and we do not believe that the Canadian people will tolerate anything else.

(c) The Lever Brothers pamphlet says that full employment in this plain, ordinary meaning of the term, would not be "natural." Why not? Natural in what sense? Natural to what? What has naturalness got to do with it, anyway? Most of modern life, including the whole industrial system, is in one sense "unnatural." The only intelligible meaning we can attach to the term as used in the Lever Brothers pamphlet is that genuine full employment would not be natural to the present economic system. If so, so much the worse for the system!

(d) The further assertion that full employment in the literal sense "has never characterized the periods that were the happiest for the working population" seems to us completely irrelevant and pointless. It is doubtless true, as the pamphlet says, that real full employment "has existed only at the top of a boom or in wartime." It is certainly true that neither the top of a boom (with wages lagging behind the cost of living, and with depression and unemployment looming on the horizon), nor wartime, are the happiest periods for the working population. But it does not follow, as the pamphlet seems to imply, that the full employment and the unhappiness of these periods necessarily go together. Neither does it follow that full employment can be achieved only at the top of a boom or in wartime. To suggest this is to beg the very question at issue. It is, we submit, perfectly possible to have real full employment without either boom conditions or a war; indeed, to suggest ways and means of securing such full employment is precisely the duty of this and other committees charged with the responsibility for reconstruction.

(e) The pamphlet says that this is "impossible." But the only reason it assigns is that "the social machinery cannot stand . . . top speed . . . any better than any other machinery can." This is no reason at all. It is just a beautiful example of the pitfalls which beset argument by analogy in political or economic discussion. The economic system may in certain respects be compared either to a machine or to an organism. But it is neither a machine

nor an organism, and to argue that because a machine cannot operate continuously at top speed, therefore the economic system cannot operate at top speed, is simply to play with words and darken counsel. There is no reason under the sun why employment should not be just as "full" in peacetime as in wartime. To assert the contrary is to confess defeat.

(f) The notion of a reserve of unemployed labour assumes, in effect, that labour is a commodity, a mere instrument, something to be used, in this instance used at least partly as a sort of economic barometer. Against this concept organized labour must protest in the strongest possible terms. It is a concept explicitly repudiated in the Treaty of Versailles, at the end of the first great war. It must not be reinstated at the end of the second. Labour is not a commodity. Labour is human beings, persons, and must be treated as such. Any scheme of reconstruction built on any other foundation will be built upon the sand, and great will be the fall thereof.

There remains, however, the contention, explicit or implied, that full employment in the plain man's sense of the term is incompatible with the functioning of the present economic system. This brings us to the question of the kind of economic system which reconstruction requires, and more particularly to what it is now fashionable to call "free enterprise".

IV. "FREE ENTERPRISE"

A number of the submissions presented to your committee have started from the assumption that the preservation of what they call "free enterprise" is a primary aim both of war and reconstruction. On this we have several comments to make.

In the first place, we are not at all sure that we understand precisely what "free enterprise" means. Mr. Bracken, it is reported, has defined it in these terms:—

Free enterprise means private enterprise where it can serve better than any other, and co-operative enterprise in the fields where it can best serve, and government development in the fields where public ownership and operation will give the best social dividends.

This is broad enough and flexible enough to cover almost any conceivable type of economic system short of pure communism. Its concrete meaning would depend entirely on its application to particular cases. Most of those who use the phrase "free enterprise," we believe, mean something much more definite. They mean private ownership of the means of production, distribution and exchange, ordinarily, and in our opinion more accurately, called "capitalism".

We use the word "capitalism" not in any invidious or derogatory sense, but simply as the standard, neutral, scientific term employed by economists to describe the system of private ownership. Any other use of the term is without warrant in economic science.

"Free enterprise," on the other hand, is at best a question-begging term, if not a misnomer. It suggests, and no doubt is intended to suggest, that our present economic system is one in which every man is free to start up for himself in any business he pleases, and (subject to law) to carry it on as he pleases, in free competition with other citizens who have chosen the same kind of business. This was a fairly accurate description of early, competitive capitalism. It is a caricature of modern, monopoly capitalism. Under competitive capitalism, the typical business unit was the individual proprietorship, the one-man business. Ownership and control were in the same hands. Under monopoly capitalism, the typical unit is the limited company, or corporation, in which ownership and control are usually in different hands; in which it is possible to own without controlling, and to control without owning. (This fact has been well attested

by the work of Mr. A. A. Berle and Mr. Gardiner Means, "The Modern Corporation and Private Property," by the Report of the Price Spreads Commission in this country in 1935, and by a remarkable statement of Sir Charles Gordon's before the House of Commons Select Committee on Banking and Commerce in 1934. We do not think it will be denied. If it is, we are quite ready to produce the evidence to substantiate what we have said.)

Under competitive capitalism, also, the typical enterprise was a small-scale affair, engaged in vigorous and unrestricted competition with its trade rivals. Under monopoly capitalism, the typical enterprise is large-scale, and if it is engaged in competition at all, it is a competition restricted in one or more of half-a-dozen different ways. As Mr. George Luxton, of the Bank of Canada, has put it, "Three-fourths of our economic structure is shot through with monopolistic competition." ("Public Affairs," Vol. VI, No. 2, p. 90.) In simpler language: most of Canadian urban industry and business is now corporate business; most corporate business is large-scale business; and most large-scale business is monopolistic, semi-monopolistic or quasi-monopolistic. (On this also we are prepared, if necessary, to submit detailed evidence.)

This, again, is not intended to be abusive, but simply descriptive. We are not contending that competitive capitalism was better than monopoly capitalism, or worse; we are simply pointing out the difference. We cannot hope to reconstruct successfully unless we are clear about what it is we are proposing to reconstruct. We have to look facts in the face. If we try to do the job on the basis not of what capitalism is to-day but of what it was fifty or a hundred years ago, the attempt can end only in disaster. The realities of the situation will fly up and hit us in the face.

The plain fact is that we are living in an era of monopoly capitalism. The great mass of the people have no chance at all of going into business for themselves. It costs too much, and the people who are in the business already are too well entrenched. "Free enterprise," to the ordinary man, implies free competition; but free competition, in large areas of our economy, is dead, and dead beyond hope of resurrection. "Trust-busting" is hopeless. Competition destroyed itself, and if we could restore it, it would destroy itself again. Moreover, in many instances competition is so wasteful that no reasonable person can want to restore it.

On the other hand, if "free enterprise" is taken to mean monopolies free from social control, that would obviously be intolerable, and no one would seriously suggest it. Everyone agrees that there must be at least some monopolies (for example, the post office, telephones, tramways), and that they must be under some sort of social control. The question is, what control, whose control, how much control, control for what purposes? We are assured on every hand that after the war the sphere of state action will be enormously greater than before. The state will do this, the state will do that; it will, where necessary, supersede private industry, displacing those business men who refuse to accept the new order. There are even hints that the state may undertake the general planning of economic and social development. See, for example, Professor H. A. Logan's article in the issue of "Public Affairs" already referred to.) But we scarcely ever hear any discussion of the crucial question, what kind of state. The state will control the economy; but who will control the state?

The existing state is emphatically a capitalist state, and nowhere is this clearer than in Canada. Look at the list of wartime controllers, deputy controllers, co-ordinators, administrators and directors of Crown companies, printed in the January, 1943, issue of *Industrial Canada* over ten large pages of close print, full of the names of business men and corporation lawyers, and exactly three trade unionists!

Is this the kind of "state control" which is to be perpetuated after the war?

If so, we are in for plenty of trouble, for organized labour has no intention of tolerating anything of the sort. The only control of the economy it will accept is control by a state in whose agencies it has adequate representation at every stage, from top to bottom.

We hear a good deal also of the dangers of "regimentation." We seldom hear anything of the possibility (to use no stronger word) that "regimentation" by private monopolies (whether exercised directly through "self-government in industry," or indirectly through monopoly-dominated state agencies) would be infinitely worse than any conceivable "regimentation" by a representative, responsible government, working through genuinely democratic planning and controlling bodies.

The choice before us is not between a "free" competitive capitalism and a new system, nor between "free" (that is, uncontrolled) monopoly capitalism and a new system. It is between a monopoly capitalism in which capitalist government controls will inevitably and admittedly play a very large part (see the Lever Brothers pamphlet, the Canadian Chamber of Commerce submission to your committee, and the special issue of "Public Affairs" already twice referred to), and a system under genuine democratic control, in one form or another.

We fully admit capitalism's past services to society. Indeed, we go further, and state that capitalism was an absolutely necessary stage of social development. But we now confront a new situation, and a new kind of capitalism. The early competitive capitalism was necessarily an expanding system, constantly extending the development of productive resources. With free competition of numerous small, independent producers, it was impossible to restrict production, and therefore impossible to make profit by restricting production. Under monopoly capitalism, it is perfectly possible to restrict production, and perfectly possible to make more profit by restricting production than by expanding it; and there is no question that this has in fact happened. Broadly speaking, competitive capitalism was expansive, monopoly capitalism is restrictive. Capitalism has ceased to perform its indispensable historic function, and is now doing the very opposite.

It may be possible, by external controls, to make monopoly capitalism serve expansionist purposes; to cajole and/or force it to make the maximum use of the productive resources it controls. But the administrative task involved in such social control from the outside is likely to be very heavy, to say the least. It is one thing to apply such control to a few relatively simple public utilities; it is quite another to extend the thing to cover most of Canadian urban business and industry. It may be worth while at least to explore the possibilities of some alternative and less cumbersome method.

We are not fighting for capitalism as such. Capitalism is just a way of getting things done. It will survive, and deserve to survive, only if it proves itself a better way of getting things done than any alternative system. It is a means, not an end. It has, as Sir William Beveridge has pointed out to your committee, no necessary connection with the essential freedoms. (This is fortunate, because most people, in a modern capitalist society, have no chance of becoming capitalists in any significant sense. The very conservative Brookings Institution has said that, in the United States, "with the masses of the population income derived from investment is negligible" ("America's Capacity to Consume", p. 26), and there is no reason to think that the situation in Canada is markedly different. Moreover, the control of the small investor over the affairs of the typical modern corporation is certainly negligible. Anyone who is dazzled by figures of the number of bank accounts and so forth should first look at the distribution of the accounts, and should then ponder the fact that the basic distinction between capitalists and non-capitalists is between those who *won't* starve if they don't work and those who *will* starve if they don't work.)

Capitalism exists for man, not man for capitalism. If capitalism can give us real full employment and real social security (the Canadian Chamber of

Commerce submission to your committee suggests that Canadian employers have some doubts on this latter point; see pp. 16-17), well and good. No one, least of all the workers, wants to run the risk of even the slightest dislocation of our industrial life unless it is absolutely necessary. What the workers want is results, and they don't care a brass farthing what system gives them, or what it calls itself. They are not interested in change for the sake of change. Who is? But neither are they interested in preserving a particular system just because it's something we're used to, or because it rendered valuable services in the past; and they are becoming increasingly sceptical about whether capitalism can deliver the goods.

They *know* the pre-war kind of capitalism cannot. It failed to prevent the depression. It failed to abolish poverty. Just how disastrous these two failures were appears clearly from two authoritative sets of figures, one from the recent League of Nations report, "The Transition from War to Peace Economy," and the other from the Marsh report.

The League of Nations report gives a table showing the decline in national income in twenty-four leading countries between 1929 and 1932-33, and sums up:—

The total loss of money income in all the twenty-four countries . . . may be roughly estimated at over \$60 billion in the single year 1932 or a sum approximately equal to the total income of all these countries, exclusive of the United States and the United Kingdom in 1929. The loss of real income produced was, of course, less, but much of the agricultural produce was never sold and rotted on the farms. The income actually enjoyed, therefore, was substantially less than what was produced.

At the depth of the depression in 1932, over 25 million industrial workers throughout the world were unemployed. Through no fault of their own, more than 100 million people suddenly found that society no longer had any use for the services which produced for them their daily sustenance. Serious though as was the material privation and want that unemployment frequently entailed—the undernourishment and mal-nutrition, the sacrifice of small comforts, the loss of homes representing the accumulated savings of years—this was perhaps not so important as the moral and psychological cost: the helpless feeling of insecurity, the anxiety regarding the future of dependents, the frustration of idleness, the sense of counting for nothing in the community.

To these 25 million industrial workers, with their dependents, moreover, must be added an unknown army of land workers underemployed on the farms or employed in producing what was never enjoyed. How great was the aggregate loss in wealth and welfare throughout the world we can never guess; but a single illustration taken from a single country may give some indication of the nature of that loss.

It has been calculated by the National Resources Committee that if unemployment had not exceeded two million workers, which is taken as a residual figure, between 1929 and 1937, the income produced in the United States at 1929 prices during the course of that period would have been approximately \$200,000 million higher than it actually was. We can only grasp the meaning of a figure so great as this by comparing it with other magnitudes. Two hundred thousand million dollars is two-and-a-half times the total national output of the United States in the boom year 1929; it is equal to four times the total estimated national income of the United Kingdom, the four British Dominions given in the above table (Canada, Australia, New Zealand and Ireland) and Germany in 1929.

But the loss incurred by the last depression was far greater than even this calculation might suggest, for the whole structure of international economic life was disintegrated by it.

("The Transition from War to Peace Economy," pp. 21-22.)

The Marsh report shows that in Canada, in 1940-41, long after we had emerged from the depression, about a third of all urban employee families, and about half of rural employee families, were getting less than the "assistance minimum" of \$1,134 a year; and that about two-thirds of such urban families, and about 73 per cent of rural families, were getting less than the "desirable living minimum" of \$1,577.40. In round figures, about 486,000 Canadian families were getting less than the "assistance minimum," and about 870,000 less than the "desirable living minimum." (Marsh report, pp. 21-23.) And this, it must be added, was the situation in a year when the pre-war type of capitalism had already been considerably modified by the imposition of government controls.

But we are told that post-war capitalism will be radically different from the pre-war type. Post-war capitalism will have a single overriding social objective: full employment and the highest possible standard of living; and this will be its governing principle. But capitalism already has a governing principle: maximum profit. What will happen if full employment and optimum output conflict with maximum profit? Can capitalist industry deny the law of its own being? At the very least, the new governing principle will involve very drastic limitations and controls. Is there any sign that "business" is either willing or able to impose such controls upon itself? True, some industries are "planning" for after the war; but their plans are all within the framework of the maximum-profit system. Is there any sign that "business" will accept, or government impose, adequate government controls after the war? "Business" has indeed accepted a multitude of controls during the war; but in almost every case it is the business men themselves who have operated the controls, and even so, "business" is now talking, often truculently, of the restoration of "free enterprise" at the earliest possible moment.

The wartime record of both "business" and government on collective bargaining is anything but a hopeful sign. Here was a real, if minor, limitation on the sovereignty of "business." Acceptance of it would have done more than almost anything else to raise workers' morale and promote all-out production. Yet even in the crisis of war, Canadian "business" as a whole has fought it to the last ditch; and the Canadian government has in general aided and abetted it in that fight, even refusing, till the end of last year, to allow its own Crown companies to make contracts with unions, still refusing to compel them to do so, and still refusing to allow collective bargaining in such institutions as the Canadian Broadcasting Corporation and the National Harbours Board. When the crisis is past, will "business" accept, or government impose, the much more drastic changes necessary for full employment and optimum output? We doubt it.

So does Sir William Beveridge. According to the Montreal *Gazette* of May 25, he said:—

I am not at all sure that private enterprise can take the responsibility of both maintaining employment and showing a profit. It seems to me difficult, perhaps impossible, thus to serve two masters. I doubt if employment can be maintained without a very considerable proportion of public monopoly in the national economy.

"Don't you think private enterprise should be given a chance?" the questioner rejoined.

"No, I don't," said Sir William decidedly. "Not if it can't do the job. I want to take no chances on the maintenance of employment. It's too important a matter. I would not entrust it blindly to private enterprise, any more than private enterprise should be trusted to run a war."

The more far-sighted capitalists, capitalists economists and capitalist political leaders now admit that the state must underwrite employment, must take respon-

sibility for providing full employment (more or less) if private enterprise can't. But, unlike Sir William, they seem very hopeful that private enterprise can do so, especially if it gets the right kind of help from the state, by way of suitable tax policies, deficit budgeting, works programs and so forth. New investment is unquestionably essential after the war. How are we to get it? These people say, by offering capitalists sufficient inducement to invest. How are we to do that? By abolishing excess profits tax, and reducing corporation taxes generally, and income taxes on large incomes, thus giving capitalists more money to invest and offering them the prospect of larger profits. But will the inducements be sufficient? The success of the whole scheme depends on "business confidence," and "business confidence" is the shyest of shy nymphs. Suppose capitalists get "scared," to use the elegant terminology of one of the witnesses for the Canadian Chamber of Commerce? According to the witness in question, capitalists are very easily "scared." A mere handful of "radicals" can frighten them not out of their wits, but, what is much worse, out of investing. In the submission of the Canadian Pacific Railway (p. 532 of the minutes of proceedings and evidence of your committee) there is a plain statement that that corporation at least will be unable to accept its share of the responsibility for maintaining employment unless there is a cessation of all discussion of fundamental change in the economic system, and all political activity towards that end. As the Canadian Pacific Railway is certainly not less intelligent, patriotic and public-spirited than other corporations, or more easily frightened, we must assume that this pronouncement represents, in some degree, the feeling of Canadian "business" generally. But, we submit, any hope that people will stop talking about fundamental social change, or working for it, is, at this stage in our history, utterly Utopian and unrealistic; and any government which undertakes to provide this essential condition for "business confidence" by suppressing such discussion and activity will simply be rushing headlong into the very fascism we are now fighting to destroy.

In short, if governments are going to underwrite employment, or guarantee it, leaving the main structure of capitalism intact, they are probably taking on a great deal more than they suppose; they had better make up their minds as to the possibility of failure and disillusionment, and be ready to proceed farther if the need arises. Otherwise the failure of the new capitalism may involve us in catastrophe.

V. A NEW SYSTEM?

Hence, we suggest, your committee should at least explore the possibility of some alternative system. The National Resources Planning Board of the United States has suggested the extension and new forms of joint government and private ownership through mixed corporations. It says: "Government is already taking considerable part in the management of the many war industries which have been greatly expanded by the use of government funds. Consideration should be given to the desirability of various types of partnership in the direction of those industries of crucial importance in both a wartime and a peacetime economy and in which the government has made great investments. In this category are aluminum, magnesium, shipbuilding and aircraft. Government has a direct responsibility and should participate in the decisions as to what areas and what concerns should continue to operate in these industries." ("Post-War Plan and Program", January, 1943, p. 11.). It may well prove necessary, as Sir William Beveridge has suggested, to go much farther, and to bring a considerable sector of the economy under various forms of public monopoly. This sector might include industries and services essential to national planning and the effective control of investment (such as banks, insurance and trust companies, transportation, coal and power); industries essential to the carrying through of a modern food and housing program (such as Sir John Orr has proposed in his

"Fighting for What?"); industries whose social and political power may threaten the effective working of democratic institutions. The establishment of such a sector of public monopoly might prove a much better method of maintaining employment than the alternative method of inducements, spurs and checks to keep capitalist industry moving at just the right pace. Direct control might be simpler, easier, cheaper and more effective than indirect control.

VI. PROFITS AND EFFICIENCY

We shall doubtless be told that publicly-owned industries will be inefficient. No one who lives in Ontario, and is familiar with the Ontario Hydro system, should be greatly impressed with this argument. In any event, we submit, the argument has ceased to be relevant. Profits go to the owners of industry. As long as the owners were also the managers, the possibility of higher profits was an effective stimulus to efficiency. But now that ownership is almost completely divorced from management, and management is carried on mainly by salaried employees of the owners, it is difficult to see how the prospect of higher returns to someone else can spur the managers to extra efficiency. A falling off in the profits of a particular corporation would no doubt spur the owners to change the management; but there is no inherent difficulty in devising other indices of efficiency which could be used in publicly-owned enterprises. The efficiency of such enterprises is a matter of proper organization, a proper degree of independence from day-to-day political interference, proper tenure for the management, adequate scope for exercise of business ability. This problem has been solved in such enterprises as the Ontario Hydro, the Tennessee Valley Authority, the London Passenger Transport Board and many others of the kind. There is no reason why it cannot be solved in industries of many different types.

VIA. POLITICAL FREEDOM AND THE ECONOMIC SYSTEM

Many people are undoubtedly genuinely afraid that the extension of public ownership would restrict political freedom and undermine democratic government by concentrating power in the hands of a ruling political party or a ruling bureaucracy or a combination of both. Against this danger, they feel, "free enterprise" offers the only effective safeguard. But, as we have already suggested, it is more than doubtful whether monopoly capitalism is really "free" at all; and we think it no exaggeration to say that strong trade unions and co-operatives are likely to be far more effective guardians of freedom than the modern corporation. If it were proposed to vest the ownership and control of every business in Canada in the dominion government, abolishing not only private enterprise but also provincial and municipal enterprise, co-operatives and trade unions, there might well be cause for alarm. But we know of no one in Canada who proposes anything of the kind. In the public monopoly sector of the economy, some enterprises would be owned by the dominion, some by the provinces, some by the municipalities. Outside this sector altogether there would be (1) the co-operative movement, which we think should be encouraged and developed in every way possible; (2) the whole of farming; (3) a considerable range of urban business and industry, including most of retail trade and small manufacturing.

Economic power would therefore be not concentrated but diffused, far more diffused than it is at present, especially as both farmers and labour would be represented on the boards of all the public monopolies and in all the agencies of planning and control. Free, independent trade unions, recognized and accepted by government and industry; and farmers, well organized and guaranteed a decent standard of living, would, we think, be particularly vigilant guardians of democracy and freedom, and could effectively check any attempts to use the public control of the economy for partisan or undemocratic ends.

Nor must it be forgotten that any such system as we are suggesting would, in Canada, operate within the framework of parliamentary government, subject to the constant criticism and control of the people's representatives in the House of Commons and the legislative assemblies. We venture to suggest that this criticism and control could be made even more effective than at present if parliament were restored to its position as the real law-making body of the country, and orders in council were used only for purposes of administration and subordinate legislation, within the limits laid down by parliament itself, or to deal with emergency situations on a temporary basis while parliament was passing the necessary permanent legislation. (If labour policy had been dealt with in this manner during the present war, the history of industrial relations would have been very different, and our record in production even more impressive than it is.) It is possible also that some revision of parliamentary procedure might make for a more effective discharge by parliament of its essential function of dealing with broad, general principles and policies, leaving the details to be filled in by the cabinet by orders in council.

VII. SOME IMMEDIATE OBJECTIVES

Any plan of reconstruction might, we submit, begin with certain tasks of immediate and pressing urgency. We suggest three: (1) the provision of adequate food for all the people, along the lines set forth by Sir John Orr in the book to which we have already referred and in an article in the *International Labour Review* for March, 1943; (2) the provision of adequate housing, both urban and rural; (3) the raising of farm living standards to something like equality with those of the urban population.

Your committee has already heard expert evidence on the need for an adequate food program, based on modern studies in nutrition. It is therefore unnecessary for us to labour the point. For the same reason it is unnecessary for us to set forth in detail the very important effects of such a policy on the health, efficiency and happiness of our working population, and on the demand for farm products and the income of the farming community. Detailed studies of the precise amounts of various foods which we shall need to produce for ourselves and for relief in Europe are, we hope, already being made, along with equally detailed plans for putting the program into effect. As Sir John Orr says:—

Plans for a post-war food policy should be made now. If a plan is not ready to be put into operation as soon as the war finishes, there is grave danger that in the confusion which will arise in changing over from war to peace conditions, the emergency organizations which have been created to deal with food will be taken over by "big business." In that event, there will be created powerful vested interests which will mould the post-war food policy for the financial benefit of those who control the industry instead of adjusting it to provide the food the people need. . . .

The people must be prepared to fight for the control of their own food supplies. The first step in the fight is to have a policy and a plan to carry it through, and then, if the policy and the plan meet with the general approval of the common people, to let every household know what the scheme is so that all can demand it with a united voice. ("Fighting for What?", p. 47.)

We need hardly do more than mention that such a food plan would involve reconditioning and re-equipping many of our farms, a vigorous policy of rural electrification and rural housing, the provision of adequate low-cost credit, and a system of guaranteed prices for farm products.

The housing program also calls for little discussion here. Clearly, in this as in other matters, we should be ready, when the war ends, with as accurate

an estimate as we can make of the community's needs (an estimate based on the normal annual need for new housing, plus the depression and war deficits), and detailed plans for meeting those needs as quickly as possible.

The equalization of rural and urban standards of living is a matter which calls for somewhat more extended comment. As your committee is aware, in few countries is the disparity more glaring than in Canada. The removal of this disparity is as important for labour as it is for the farmers themselves. Low farm income means a restricted market for the products of Canadian industrial labour. It also means the possibility of undermining hard-won trade union standards by the importation of cheap labour from the farms, labour accustomed to such meagre returns that even what the organized worker considers a pittance will appear affluence. Moreover, the present situation promotes a cleavage between farmers and labour, one of the most disastrous cleavages which can afflict a nation. We hear a great deal about national unity. We sometimes forget that national unity can be broken not only horizontally, as between provinces, sections, races or creeds, but also vertically, as between farmers and labour. The healing of this breach should be one of the major tasks of post-war statesmanship; unless we can raise the rural standard of living, it is a hopeless task.

VIII. INTERNATIONAL ASPECTS OF RECONSTRUCTION

On this question we do not feel it necessary to do more than emphasize three considerations which seems to us fundamental.

The first is the enormous importance to Canada of a flourishing external trade. Even after the war, and despite the notable developments which have taken place during the war, Canada will still have to import many important commodities. Also, as many of our resources are very highly specialized, we shall still have to export considerable quantities of our own produce. Unless the world economy as a whole can be stabilized, the success of even our wisest measures of internal reconstruction can be only partial and incomplete. It is therefore essential that Canada should play her full part in the reconstruction of international trade.

Second, in view of the development of international monopolies, there can be little question that domestic social control of our domestic monopolies must be rounded out by international social control of international monopolies. One of our cabinet ministers is reported to have said recently that, because of its international ramifications, Aluminium Limited was in a position to deny us the raw material necessary for the production of aluminum, even in the midst of a war in which aluminum was vital to the safety of Canada and her allies; and that the Canadian government was virtually helpless in this situation. If this is so, it is intolerable. No corporation should be in a position to do anything of the sort, either in war or peace; and if the Canadian government alone cannot prevent it, then there must be set up some international organization which can. In this also Canada should play her full part.

In the third place, no plan of reconstruction can ultimately be successful unless we can establish and preserve the peace of the world. It should by now be clear that the only way to do this is by a system of collective security, in which, again, Canada must be ready to do her share.

IX. CONSTITUTIONAL CHANGES

The need for controls will not disappear when the war ends. But the legal basis for most of the controls will. With the proclamation of peace, the War Measures Act lapses; and with the War Measures Act go most of the controls. Unless we amend the constitution to provide for this situation, the dominion government and parliament will be almost wholly unable to deal with a critical

situation which will certainly be beyond the powers of the provinces, and we run the risk of complete chaos. Furthermore, unless we amend the constitution, the dominion will also be unable to take its proper share in international economic and social arrangements, notably the conventions of the International Labour Organization, and certainly helpless to proceed with any fundamental social reconstruction. The amendments which our congress wants are amendments which will make possible nation-wide uniformity of wages, working conditions and social security.

There can be no question of depriving the provinces of any of the power which the Fathers of Confederation intended them to have. What is needed is rather to get back to the constitution which the fathers intended to give us and thought they had given us. There is an element of comedy, if not of farce, in the frequent assertions that any amendment to the British North America Act would violate the understandings reached at the time of confederation. For, as the late law clerk of the senate demonstrated, in a masterly analysis, the understandings reached at confederation have been ripped to shreds by the Judicial Committee of the Privy Council, and our constitution now is a travesty of that which the fathers agreed upon. Indeed, it would hardly be too much to say that it has been turned inside out and upside down.

Our task is to restore it to its original state; to give the national government and parliament the power to legislate for the peace, order and good government of Canada, and to perform the treaty obligations of Canada, which the fathers intended them to have. The national authorities will then be able to cope with urgent national problems, and the provinces will not be called upon to shoulder burdens which they were never meant to bear, and which in most cases are completely beyond their financial capacity.

Such revision of the constitution as is required would call for courage, diplomacy and statesmanship of a high order. But such courage, diplomacy and statesmanship were called forth eighty years ago by a crisis far less serious than that which now confronts us. We refuse to believe that they cannot be called forth again in the hour of Canada's greatest need. What our fathers built, we can at least restore; and, building anew on that foundation, what they strove for, we may perhaps attain.

X. SUMMARY OF PROPOSALS

Our proposals may be summarized under the following heads:

1. Maintenance of the present controls at least for the period of transition from war to peace economy.
2. A comprehensive program of public works and national development, to provide employment for those temporarily displaced during the transition period.
3. The building up, by provincial and municipal governments, of reserve funds for post-war construction, the dominion government creating a special type of security in which such funds could be invested.
4. Democratization of the controls, and of the planning and execution of the works programs, by the admission of labour, farmer and consumer representatives to all the controlling, planning and administrative bodies concerned.
5. Maintenance of certain controls for as long as they are required to accomplish the purpose of fundamental social reconstruction.
6. Full employment, in the plain, ordinary meaning of that term.
7. Social control of the economic system, to whatever degree and in whatever form may be necessary for full employment.
8. As first steps in reconstruction, a post-war food and housing program designed to assure to all Canadians an adequate supply of nourishing food, and decent housing; and the raising of rural standards of living to the urban level.

9. The revival of international trade, provision for international social control of international monopolies, and a system of international collective security.
10. The amendment of the British North America Act to restore to the dominion government and parliament their power to deal with genuinely national social and economic questions and to perform Canada's international obligations, including the conventions of the International Labour Organization.

Respectfully submitted,

THE CANADIAN CONGRESS OF LABOUR,

A. R. MOSHER,
President.

PAT CONROY,
Secretary-Treasurer.

The CHAIRMAN: Thank you, Dr. Forsey. Ladies and gentlemen, the meeting is now open for remarks or questions. As I did last time, I am going to take the opportunity of suggesting that it may be well if members confine their remarks to a minimum, because it may be that perhaps every member would like to ask a question. The meeting is now open.

By Mr. Hill:

Q. Dr. Forsey, you speak here of capitalistic monopoly. I think we all agree that there has been a lot of monopoly of capital. By that you mean the situation created where they use their financial power to wipe out smaller companies and gather them into their larger capitalistic system until the companies became great monopolies. Is that right?—A. That is part of it. There are different methods of doing it.

Q. That, of course, is not a good thing for the country; although in some cases the bigger monopoly did furnish material cheaper to the consuming public than they would otherwise have been able to get it?—A. Yes.

Q. Do you not think we are in some danger of getting monopolistic unions in this country; that is, where unions are using the same power, by a large vote or something, to wipe out the smaller unions or force the smaller unions in. I notice that many of the strikes we have had since the war began are based on that. We are not troubled with capital at all. It is trouble between two unions. We have had several cases of that happen in Canada, where the one union claimed, because of its larger numbers, it should have control of certain things and therefore they struck. They use the same methods. They would not allow the smaller union to go to work. Are we not facing that danger to some extent?—A. I should not agree with that analogy. I think that the two cases are not parallel at all; because in the one case you are getting one organization absorbing others by purchase and that sort of thing, for business advantage. In the other case, you have really a question of what is the most appropriate bargaining agent; and in some instances it may be a particular kind of union and in other instances it may be another kind. You may have a difference about that, and the only way of resolving it, that I can see, is by finding out which of these bodies the people concerned actually want. To a person outside it looks as though they do the same thing. There is some industry here—a bigger industry—that goes into a small industrial section and they undersell them. Would not the bigger union do the same thing and say, "we are going to control here and you have to come in and join us"?—A. They do not do any underselling. After all, different kinds of unions are to some extent in competition with each other just as different political parties are in competition with each other, but you do not think of a political party trying to gain a monopoly of

representation; in fact, they very rarely get it. I believe that once in Prince Edward Island there was a one-party legislature without any opposition.

Q. It seems to me that you prevent other unions—mind, I am not criticizing this so much as I am asking whether there is not a danger of that now?—A. Perhaps Mr. Mosher would like to say something on that. He has had much more experience than I have had.

Mr. MOSHER: I think there is absolutely no danger. Labour organizations do not go out and buy up membership or buy up the rights of other labour organizations; it is the workers in those organizations who decide by themselves in a democratic way which organization they should be members of.

Mr. HILL: You then force the other one—

Mr. MOSHER: No, we do not force anybody. We do undertake to get agreements with employers of labour which set down certain principles and certain working conditions just as the employer does when he says: "I am paying 50 cents an hour, you can take it or leave it". The labour organization may say: "We are going to have a closed shop"; and then say to the workers, "take it or leave it". That is one of the conditions of employment just as wages and hours of labour and the number of days in the week a man must work are.

Mr. HILL: Does it not become a monopoly?

Mr. MOSHER: No.

Mr. HILL: If a man wants to work he cannot work without joining the union.

Mr. MOSHER: That is right, with that particular employer; certainly that is one of the conditions of employment.

Mr. HILL: Even though he has been employed. That is the same with a man who is doing business and he finds he can no longer do business.

Mr. MOSHER: It is an entirely different thing; it is not the same situation at all.

Mr. HILL: The only difference is that in one case they put the smaller company out of commission if necessary; in the other case—

Mr. MOSHER: Because of special privileges, not because of any agreement, not because the smaller employers want to be in the bigger employment at all, probably.

Mr. HILL: I was thinking of something that happened in Montreal.

Mr. MOSHER: Labour organizations have no special privileges that I know of. Any they did have have been pretty well taken away from them.

Mr. HILL: They would not even let these men go to work when they wanted to go to work.

Mr. MOSHER: Not alongside of the others; it does not stop them from going to work somewhere else.

Mr. HILL: That is monopoly.

Mr. MOSHER: No. For example—I do not know whether you are one of the supporters of the government—but the present government will not permit, I presume, representatives of the political party known as the Cooperative Commonwealth Federation or of the party known as the Progressive Conservative party to sit in on its cabinet and determine the policy of the government of the country, will it?

Mr. McNIVEN: The people decide that.

Mr. MOSHER: It is the same with the labour organizations; the workers decide.

Mr. JEAN: Is it not a fact that in most of the industries workers belong to two or three unions?

Mr. MOSHER: That is true.

Mr. MACNICOL: Mr. Chairman, I wish to ask a few questions in connection with the summary, because our time is short, and we have to do the best we can with this submission, which is a good one. I wish to refer to No. 2 in the summary: "A comprehensive program of public work and national development, to provide employment for those temporarily displaced during the transition period." I think that is very good. I have no doubt that these men who are interested in labour and honestly interested in labour are anxious to supply jobs to men have made a compilation of possible public works. I would like to ask whether they have done so and whether they would mind giving us that information?

The WITNESS: No, we have not done that. We have insufficient facilities for doing that, in the first place; in the second place, we felt that that has been pretty well dealt with in other submissions to this committee. It seems to me that in those submissions that matter has been pretty well covered.

Mr. MACNICOL: I have been going all over Canada trying to find places where works could be instituted, and I think your organization will be interested in that also; because I believe the people have confidence in a labour submission, and I believe you should make your own investigation as to where you think great public works should be carried on and submit suggestions to this committee or to the committee on social security, covering projects to which men could be sent and given jobs, because I am convinced that you are right in this submission when you say that our primary purpose is to find jobs for men during the transition period.

The CHAIRMAN: I was waiting for this particular discussion to come up, and now I should like to introduce, particularly for the public record, Mr. Walter Woods whom you all know. Naturally, he is the representative of the soldier interests and the interests of all men in the armed forces and the seamen, and Mr. Woods is here now. Naturally, our main objective in securing employment, while it includes all, has particular reference to those who come back to us from the armed forces and the merchant navy.

Mr. MACNICOL: Has Mr. Woods a list of suggestions?

The CHAIRMAN: No, he has not come here to speak, but he is here with us.

Mr. MACNICOL: I am asking these gentlemen who are all well travelled and well versed in this matter if they would, to the best of their ability, through their ramifications all over Canada and through their organizations, endeavour to find certain projects, the longer the better, real, sound, honest projects to which men could be sent after the war.

The WITNESS: Mr. MacNicol, I think our organization will heartily endorse, for example, the proposals that were made concerning housing by various bodies you have had before you. That is an enormously important matter, and it seems to me it will keep a large body of men busy for a considerable time. Then, there were those detailed proposals which were given the other day by the Canadian National Railways and there have been proposals, of a rather less detailed character, submitted by the Canadian Pacific Railway, and I think you had before you also the chairman of the subcommittee of the advisory committee on reconstruction, Mr. Cameron, which has this matter in hand. It is a subject on which, it seems to me, some of these special bodies are more likely to be able to produce precise, detailed information than we are, especially so because in many instances they have a qualified staff for doing so whereas we have no engineering staff attached to our organization and our research organization has only just begun and has neither large funds nor a large staff at its disposal. Thus far we have not felt that it was necessary to attempt anything of a detailed sort such as you have mentioned.

Mr. MACNICOL: I wish to refer now to No. 3: "The building up, by provincial and municipal governments of reserve funds for post-war construction, the dominion government creating a special type of security in which such funds could be invested." Now, that is fine. They are doing that all over the United States. Many of the state governments are now voting yearly anything from \$1,000,000 to \$5,000,000 to be set aside for after the war work. Now, what can your organization do to persuade the people of Canada to move in this direction? I have advocated this in the house, but I have not heard of any of the provincial governments doing this. I am sure that your organization can get in touch with the Minister of Labour in each provincial government and say, "here, this is our submission re economic public works and we want you to get busy and vote so much yearly for after the war." I am convinced it should be done now when their revenues are high. They won't have it after the war. They could have money ready if they started setting it aside now.

Mr. McNIVEN (*Regina City*): Each of the provincial governments have invested large sums in the various victory loans, and many if not most of the municipalities have put money aside for such purposes.

Mr. QUELCH: I hope it is not suggested for one minute that important public works after the war should be limited by the amount of funds available, or by the amount of funds set aside by the various provinces.

The WITNESS: No, no.

Mr. QUELCH: And no doubt you agree that one of the worst of the monopolies which we have at the present time is the money monopoly; therefore it may be necessary to nationalize the financial institutions of the country in order to make certain that money will be available.

The WITNESS: Something of that sort is suggested in here.

By Mr. MacNicol:

Q. Then, I would like to refer to item number 8 in your conclusions here, particularly the reference to the housing program. Do you do anything through your various locals? For instance, take the city of Toronto, in Toronto do your Toronto headquarters review the situation and say that certain streets in certain blocks and certain areas in the city of Toronto contain housing which is today most unsatisfactory; and have you got those streets and areas named and filed so that the Toronto City Council, for instance, can be questioned with respect to the cost and the undertaking of housing programs in areas of that sort?—A. Not to my knowledge, and it did not occur to me that that was necessary, because I understood that Dr. Bruce's committee some years ago did a very thorough job of that sort and I should have thought that covered the thing very well.

Q. That is very true, but your organization is a powerful organization and the mere fact that you recognized a certain need and made a certain recommendation would, as we all know, carry very considerable weight with a body like the Toronto City Council.—A. I think the principle of our organization is rather to push for those recommendations which have already been submitted in detail before your committee and other similar bodies.

Q. I am speaking of Toronto because I happen to live there.—A. Quite.

Q. I think you could do a lot of good work in that regard.—A. I assure you that we are going to push as hard as we can on these things.

Q. We will support you.—A. We should be making an appearance before the Ontario committee on the same subject and shall push these matters there as far as we can.

Mrs. NIELSEN: I should like to congratulate those who are responsible for the drawing up of this brief. I was particularly interested in the fact that this Lever group have been exposed, and the very dangerous theories that have been

put forward by the Lever Brothers pamphlet. I think at the same time it was somewhat of an insult to the intelligence of this committee and to the people in Canada generally that Dr. James and the Canadian Chamber of Commerce should have recommended the Lever Brothers' pamphlet. I think we are all perfectly aware of the fact that it is the largest combine or monopoly of its kind in the world. This particular Lever Brothers' organization was acknowledged by Dr. James to be part of the combine known as Unilever, an international cartel, which controlled 75 per cent of Europe's margerine and 80 per cent of the total world's supply of soap. Its Czechoslovakian subsidiary, Shipton Brothers, financed Conrad Heinrich, and also the London office which was the headquarters for the Anglo-German Fellowship League, a completely pro-Nazi organization, and one which backed both Mussolini and Hitler. To have any group, any company or any monopoly that is so directly and completely affiliated with pro-Nazi German organizations and their activities presume to draw up a policy for the future of Canada after the war is to me utterly presumptuous. I think it is an insult to our intelligence that we should be asked even to consider the Lever Brothers' report. For that reason I was very pleased to see that labour recognized the danger to Canada that the report of such an organization might contain. I thought very much of the material contained in here was good, because it went down to the fundamentals in so far as our pre-war situation is concerned; and I thought that the proposals which were advanced were sound, that they contained much of merit, and that they contained much of real value to Canada at the present time. I certainly feel personally that the labour groups of this country, providing they are able to secure through government control the right to have a say in the post-war reconstruction of Canada, that we will certainly get something that will work more in the interests of the people than we have had in the past. I would like to congratulate those who are responsible for this report.

Mr. MACNICHOL: Yes, but on another line—

Mr. McNIVEN (*Regina*): On page 2 I notice that Dr. Forsey refers to full employment—apart from the necessary holidays, inevitable interruptions and so on—I come from western Canada, Dr. Forsey, where the climate is more severe—perhaps I should say somewhat less severe when compared to the winter we had down here—and we have a good deal of unemployment due to climatic conditions. What full employment would you suggest for the Canadian farmer whose opportunities for employment are necessarily limited by climatic conditions?

The WITNESS: When I used the term "full employment" I confess that I was not thinking of the farmers, who, after all, are self-employed. I was thinking rather of employees. I frankly state that in the case of the farmer I doubt if very much can be done to provide full employment for him, particularly in the winter time. In some places you might possibly dove-tail farming into certain occupations that can be carried on in the winter time, but I doubt very much if you could do very much in that line in western Canada. A good deal depends on the type of farming under consideration. I know that in the province of Quebec where I have spent quite a number of years, there are people who farm during the summer time and go logging in the winter time. I think that sort of thing could be developed further if we set to work on the job of planning for compensating employment for certain people.

By Mrs. Nielsen:

Q. Do you not think that the further industrialization of the west might help out on that particular problem?—A. Oh yes, very considerably I suppose.

*By Mr. McKinnon (*Kenora-Rainy River*):*

Q. Take the case of the Great Lakes' sailors and the railway men. You take under normal conditions you have 35 or 40 train crews working out of

one terminal and then when the wheat rush comes along there will be say 150 crews required. What are you going to do with these crews during the slack period, because the grain has got to be railed out at a particular time; and when that rush is over there is no further work for them?—A. I think to a certain extent that could be met by the kind of thing I was speaking about, by planning our whole economic system with a view to trying to provide compensating employment in the off-period, at least to a certain extent. That, however, is not the point I was making. The point we are trying to make in our brief here is that we see no reason why there should be a reserve of people waiting for work. There appears to be a hard core of seasonal unemployment which it is extremely difficult to deal with, except by providing some kind of maintenance for these people during the off season.

Mr. MOSHER: I think, with regard to proper planning, it might be said with regard to moving wheat that with proper facilities to store wheat at or near the farms the wheat could be moved to the lake head and seaboard over a much longer season than it is carried now.

The CHAIRMAN: Mr. MacInnis is not a member of the committee but he wishes to ask a question; is it the pleasure of the committee that he be granted that privilege?

By Mr. McNiven:

Q. What caught my eye was this sentence: "and a small amount of seasonal unemployment"——A. Well, relatively.

Q. Do you not think, doctor, that there is a very considerable volume of seasonal unemployment?—A. In relation to the total number of people employed, I should say no. I mean small, relatively; I do not mean two or three people, but a small percentage.

By Mr. Quelch:

Q. In regard to western Canada, if we could get western Canada agriculture into the mixed farming business it would be different. Of course, the mixed farmer is very busy working in the winter time.—A. I think Mr. McNiven was referring to the purely grain farmer. While I do not profess to be an expert on that I think it would be a rather difficult problem.

Mr. MACINNIS: I may say the chairman was kind enough to tell me about this meeting and that this brief would be presented. In regard to the matter of full employment I think the brief, if I understand it correctly, is making a case not for labour as a commodity that must have labour every day in order that it may eat every day. If you remember the reading of the brief and if you turn to page 2, the bottom of the page, section (f), you will find the following: "The notion of a reserve of unemployed labour assumes, in effect, that labour is a commodity, a mere instrument, something to be used, in this instance used at least partly as a sort of economic barometer." If I get the implication of the brief aright, it is visualizing a society where the social functions would be fulfilled and if there is a time in the winter or in the summer when any man cannot work it does not mean that he cannot eat. If they do eat there is no unemployment so far as they are concerned.

Mr. MOSHER: That is quite true.

The CHAIRMAN: Are there any further questions?

By Mr. McNiven:

Q. Dr. Forsey, have you read the report filed by this committee on June 23? I think the recommendations there were fully set forth in our report to parliament on the 23rd of June.—A. I am afraid a newspaper summary is all that I have seen of it, I have not seen the full report.

Q. Are you familiar with the report of the food and agriculture conference held at Hot Springs, Virginia?—A. I have run through it, not in great detail, I will admit.

Q. Did you notice that on the 14th of June the Prime Minister accepted it for Canada?—A. Yes.

Q. Accepted the obligation of providing adequate food for all the people of Canada?—A. Quite so, yes. All that we were anxious to emphasize in regard to these things was that we hoped that immediate and practical steps were being taken to work out the execution of this program. I mean I think we all agree these things should be done and are very delighted that the government has finally said they would be done. We hope necessary steps are being taken that when the war ends we shall not find ourselves unprepared to carry out the obligations we have undertaken.

By Mr. Hill:

Q. So far as seasonal unemployment is concerned I think one should realize that farmers and fishermen work twelve to fourteen hours a day. I think that is true of the farmer and it is also true of the fishermen down east. Therefore, if they work eight months of the year they have completed their year's employment. I think it is safe to regard it that way because they get paid for the year's work if they get paid.

Mr. MOSHER: Full employment under a proper planning system might mean that a man might work eight to ten hours a week rather than a day on the average, under proper planning.

Mr. HILL: I think that takes care of your seasonal unemployment.

By Mr. MacNicol:

Q. I should like to ask a question with regard to No. 9. I suppose you have read over the 10,000 odd pages of the evidence that was submitted to the Senate committee of the United States on monopolies?—A. No, I am afraid I have not.

Q. I find this reference in No. 9: "The revival of international trade, provision for international social control of international monopolies, and a system of international collective security." Because you refer to international monopolies I thought, doctor, that you had read over that evidence.—A. No, I have seen newspaper reports of a good many of these things.

Q. In my opinion that is one of the most important records of evidence. The United States and Canada have to do something about these monopolies and so has every country. I am not against business at all, I am strong for fair play for business and labour, strong for men receiving an adequate wage.

Mr. HILL: You are against cartels.

Mr. MACNICOL: I am against international cartels only because they set exorbitant prices for what they have to sell. They have absolute control and they charge whatever price they wish for the article they have to sell. I am opposed to that. I am not opposed to their production, absolutely not, I am strong for production. However, I am opposed to the people being exploited as they have been, according to the evidence presented before the Senate committee. If that evidence is correct, and I believe it is correct, the people have been exploited. The United States senators have investigated the whole plastic set-up and believe me what was done in connection with plastics was scandalous. The same thing applies to the electrical cartel, the chemical cartel and the oil cartel. I have been trying to relieve users of oil from the scarcity resulting from oil cartel by increasing the production of oil from the tar sands. The same thing applies to the aluminum cartel and all the other cartels. I should like to ask if your organization has prepared information to reveal to the public just exactly how they have been exploited by cartels. For the inventors who are with the cartels, chemists and those wonderful men who have

developed most amazing discoveries and originated wonderful things I highly respect. They are really wonderful men, the men who developed the plastic business and all such things. I am not in accord with the cartels being allowed to charge what they like. After all, we the people have to buy their products. What I notice in connection with cartels is the failure of the government, not this government alone, but every government, to protect the people and protect the men engaged in producing the material for the cartels.

Mr. Ross (*Calgary*): Will the government not have to control the prices the same as they control railway rates?

Mr. MACNICOL: I am not going to discuss prices, but I could give some very interesting figures of what you may have to pay for Plexiglas and electrical equipment and material for false teeth. The material they use to construct a denture costs about a few cents, but when you go to the dentist to buy it you have to pay a terrific price, because the cartel has put a certain price on it. I don't blame the dentist. I should like to see these men prepare some brief revealing to the public how we have been exploited. I am not against big business, I am a strong supporter of business, but I want to see business controlled with reasonable profits and the public protected. I do not want to see exploitation.

Mrs. NIELSEN: I do not think any mention has been made in the brief about the question of technological improvement replacing man-power. Just how does your organization propose to deal with that? How will labour organizations compete with that?

The WITNESS: I think if I may speak for myself on this point (I have not discussed this matter with my colleagues), if you have your economy under adequate social control in some form or other you can meet that problem. It seems to me ridiculous that in any rational form of society the introduction of labour-saving machinery should mean unemployment. I do not know of any essential reason or inherent reason why that should be so.

By Mrs. Nielsen:

Q. In other words, the machine should aid them by giving them some leisure?—A. Yes.

The CHAIRMAN: Are there any further questions?

By Mr. McDonald:

Q. Yes, I have a question. I find in the brief these words: "There is no reason under the sun why employment should not be just as 'full' in peacetime as in wartime." That is section (e) on "Full Employment."

The CHAIRMAN: What page are you referring to, Mr. McDonald?

Mr. McDONALD: Page 2.

The CHAIRMAN: Oh, yes.

By Mr. McDonald:

Q. To-day, under wartime conditions, industries are working twenty-four hours a day. It is my humble opinion that in peacetime, under peacetime conditions, they cannot operate twenty-four hours a day and maintain production—that is, have orders to keep them running at that pace. So that within a relatively short time, operating to that extent, those industries would be bound to be caught up with their orders and consequently would have to close down, or operate on shorter hours. We submitted the other day to the members of the Trades and Labour Congress a question as to what they considered should be the day labour order or the hours of day labour under peacetime conditions, or the length of the day.

The CHAIRMAN: Your question is what these people think it should be.

Mr. McDONALD: Yes; for industries and factories operating under peacetime conditions. I think it would be generally admitted that, under peacetime conditions, they will not operate twenty-four hours a day. Suppose they return to eight hours a day and at eight hours a day, within a reasonable time, industry catches up with all the orders for the wants of the people. That would mean unemployment again. What would you suggest should be the hours of day labour for the union man, to provide constant employment, never having a shutdown?

Mr. MOSHER: Whatever number of hours are required to provide the goods or services we need to live at the highest standard we can, with the natural resources and human resources, under co-operation; whatever number of hours is necessary. If it can be done by four hours a day, so much the better.

Mr. McDONALD: That is the point I wanted to get clear.

The WITNESS: I should like to say that I think we ought to sound a warning against this idea of business getting caught up with its orders.

By Mr. McDonald:

Q. Pardon me. I am judging from the experience of the past.—A. Oh, yes.

Q. You know that industry, up to 1929, was caught up with its orders all over the world. Whether you agree with that or not, I maintain that is what brought about the depression.—A. There is a point I wanted to make—

Q. If you turn around to-day and try to run industry at twenty-four hours a day under peacetime conditions, you are going to have unemployment again, notwithstanding your statement here.—A. It seems to me that what you are assuming there is that there is a sort of absolute limit to people's capacity to consume. I think that is a fundamental misconception.

Q. I certainly think there is a limit.—A. I think that is a fundamental misconception.

Q. Then I disagree with you.—A. I do not think there is an absolute limit. Even if you leave out the millions of people in the orient who are living under almost impossibly low living conditions, an incredibly low standard of living, and if you look at the people in this country and in the United States who live at practically the highest standard of living in the world in normal times, there are limitless possibilities of further wants. You have a thing like the television industry coming along. Every time you get a new invention, you create further wants. There is an opinion that we are going to bump up against a stone wall where we say, "Good heavens! we cannot find another thing to do. Everybody has all of everything that he wants. He has all the travel he wants. He has all the movies he wants; he has all the books he wants; he has all the television he wants; he has all the furniture that he wants; he has everything that he wants and there is not another thing we can find that he wants." However, I think that opinion is a complete misconception.

Q. Will you or will you not admit that the use of machinery has displaced labour and put men out of employment?—A. Certainly. But my contention is that such a condition is entirely unnecessary.

Q. Do you think that the use of labour-saving devices will not be continued, no matter what the administration is?—A. Yes, it will be continued. But there is no reason why it should result in unemployment, because the wants of man are practically unlimited.

Q. If you manufacture a machine that saves the labour of ten men, you throw nine men out of employment.—A. Yes. But if you have a rational economic system, you will have plenty for all to do.

By Mr. McKinnon:

Q. We will all agree with your ideals, but are you going to convince the Chinaman, the Indian or the Jap and the rest of them, that this is an

ideal that they should go for and go along with us in the working of it out?

—A. What is that? I am afraid I do not quite follow you.

Q. I am referring to this idea of full employment of everybody, that we can run all our machines, that we can never possibly catch up with the wants of the people of the world and there is always going to be that amount of work.

—A. I do not see why the Chinese should object to it any more than we should.

Q. No, no. I say that is fine. But can you get them to come along with us?—A. I do not see why not.

Q. We have to sell it to these people.

Mr. MOSHER: Is our big job not to convince the people of Canada first?

Mr. HILL: There is a question I should like to ask. Do you not consider the present productive employment of labour on this continent excessive? You consider it more than full employment, do you not?

Mr. MOSHER: If you mean that men and women are working longer hours than they should, I agree with you, yes.

Mr. HILL: I was thinking of full employment.

Mr. MOSHER: Nobody should have to work ten or twelve hours a day.

Mr. HILL: I am not speaking about that. We do not need to keep to anything like the present standard of work or production to maintain full employment.

Mr. MOSHER: That is right.

Mr. HILL: And a reasonable standard of living.

Mr. MOSHER: That is right.

Mr. HILL: Because I think we are going at such an excessive speed that, if we try to keep this up for five years, many people will be lunatics or have nervous breakdowns.

Mr. QUELCH: Technological improvements should result in shorter hours of labour without a lowering of the standard of living, should they not?

Mr. MOSHER: They should result really in an increase in the standard of living.

The CHAIRMAN: I wonder if I may ask a question before we reach our adjournment time. In the report that we made to the house last week or two weeks ago we expressed anxiety about conditions that may confront members of the armed forces who will be the last to come home, or the last to be demobilized. The question I should like to ask, just to get your viewpoint and not to cause embarrassment in any way, is as to what would be the position, in Mr. Mosher's opinion, of the men and women who return in the later stages of demobilization and should find industry still going, say at a good pace, but who have no union membership cards, have had no union membership at all, and might find difficulty in securing employment because of that; or if they do secure employment, have no seniority. Could you express an opinion on that, Mr. Mosher?

Mr. MOSHER: If I get your question aright, it is as to what will be the attitude of labour members to the men coming back or the possibility of the men getting work. In industries where organized labour have contracts or agreements. I do not think any one need have any worry from the labour organization's standpoint. I think, first of all, there will be the very closest co-operation between the veteran associations and labour organizations in seeing that men who have served in the armed forces are placed in industry. The membership of my own organization, when leaving their work here to enter the armed forces, are presented with a paid-up membership card that keeps them in good standing until their return, if they do return, to their former occupation. Generally, I think those in the armed forces who come back who have not

had union membership will be glad to get into the labour organizations which they realize have been the bulwark of democracy on the home front while they have been fighting for it on the battle front.

The CHAIRMAN: I was also thinking about seniority. Have you given it any thought at all?

Mr. MOSHER: If they had seniority when they left with any employer in any industry, they will retain that seniority on their return and be given the same credit for it as if they had continued to work with their employer and had never joined the armed forces at all. We have made provision for that in practically all of our agreements.

The CHAIRMAN: What about young men who have not worked before? Do you suggest anything for them?

Mr. MOSHER: They have got to fit in at the bottom of the ladder, depending upon their fitness and ability for the work that has to be done.

The CHAIRMAN: Thank you, Mr. Mosher. Are there any further questions? If not, a motion to adjourn will be in order. I want to express the appreciation of the committee to Mr. Mosher and his two companions for the brief and for the manner in which it was presented under rather bad conditions.

The committee adjourned at 2.55 p.m. to meet again at the call of the chair.

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House of Commons
Local Act No. 13434

SESSION 1943

(HOUSE OF COMMONS)

(SPECIAL COMMITTEE)

ON

(RECONSTRUCTION AND RE-ESTABLISHMENT)

MINUTES OF PROCEEDINGS AND THIRD REPORT

No. 27

TUESDAY, JULY 20, 1943
THURSDAY, JULY 22, 1943



OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

ORDER OF REFERENCE

THURSDAY, July 22, 1943.

Ordered,—That the said Committee be empowered to sit during any adjournment of the House.

Ordered,—That the said Committee be empowered to employ during any such adjournment, such assistance as may be deemed necessary.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORT TO THE HOUSE

THURSDAY, July 22, 1943.

The Special Committee on Reconstruction and Re-establishment begs leave to present the following as a

THIRD REPORT

After holding thirty meetings and having examined fifty-three witnesses, your Committee is of the opinion that further study of the problems submitted to it in the Order of Reference dated March 2, 1943, is desirable and therefore recommends that it be empowered to sit during any adjournment of the House.

Your Committee further recommends that it be empowered to employ, during any such adjournment, such assistance as may be deemed necessary.

All of which is respectfully submitted.

J. G. TURGEON,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, July 20, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 2.30 o'clock, p.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Black (*Cumberland*), Castleden, Eudes, Gillis, Hill, Jean, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), Martin, Matthews, Nielsen (*Mrs.*), Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon and Tustin.—17.

The Chairman read a draft of the Fourth Report of the Committee, which, on motion of Mr. Hill, was adopted.

The Committee considered the advisability of asking leave to sit during the adjournment of the House.

The Committee adjourned at 3.00 o'clock, p.m. to meet again Wednesday, July 21, at 2.30 o'clock, p.m.

WEDNESDAY, July 21, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 2.30 o'clock, p.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Authier, Black (*Cumberland*), Eudes, Gillis, Jean, MacNicol, McDonald (*Pontiac*), Matthews, Nielsen (*Mrs.*), Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon and Tustin.—16.

On motion of Mr. Gillis the Committee decided to ask leave to sit notwithstanding any adjournment of the House, and that it be empowered to employ such assistance as may be deemed necessary.

The Committee adjourned at 3.00 o'clock, p.m., to meet again at the call of the Chair.

J. P. DOYLE,
Clerk of the Committee.

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(SESSION 1943)
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 28

TUESDAY, NOVEMBER 23, 1943
WEDNESDAY, NOVEMBER 24, 1943

WITNESSES:

- Mr. W. L. Best, Secretary, Dom. Joint Legislative Committee, of the Railway Transportation Brotherhoods.
Mr. Kelly, Chairman of the Railway Transportation Brotherhoods.
Mr. J. J. O'Grady, representative of the Railway Transportation Brotherhoods.
Mr. W. H. Phillips, Vice-chairman of the Railway Transportation Brotherhoods.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

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MINUTES OF PROCEEDINGS

TUESDAY, November 23, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 2.30 o'clock, p.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present: Messrs.—Authier, Bence, Bertrand (*Prescott*), Brunelle, Castleden, Dupuis, Eudes, Ferron, Fraser (*Northumberland*), Gillis, Hill, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White—25.

On motion of Mr. Quelch it was resolved that the following be employed:—

1. As stenographers commencing Tuesday, November 23, 1943, at the rate of 30 dollars per week for a six day week: Miss Jean Barbes, Miss Vera Barton, Miss Lilla Bell, Miss Paula Chausse, Miss Aurore Giroux, Miss Violet Jackson, Mrs. M. I. Parkinson, Mrs. Louise A. Nash, Mrs. Grace Bennett, Mrs. Monica Jackson, Miss Winnifred Linton, Miss Jean McIntosh, Miss Dorothy Waggett.

2. As Clerk, Mr. J. P. Doyle at the rate of \$250 per month;

3. As Committee Reporters, commencing Wednesday, November 24, 1943, Mr. J. Howe and Mr. N. Price, each at the rate of \$250 per month; and

4. As dictaphone operators, Miss Cecile Sabourin, Miss Marion Gardner, and Mrs. Ada Kellett, each at the rate of \$6.50 per day for a six day week.

At the request of Mr. Quelch the Chairman gave a resume of the proposed agenda. He also explained the difficulty experienced in arranging hearings for the Maritime Provinces, and announced that the Steering Committee would meet to-day or to-morrow.

The Chairman read the following letter from Mr. W. S. Woods:—

J. G. TURGEON, Esq., M.P.,
Chairman, Parliamentary Committee
on Reconstruction and Re-establishment,
House of Commons, Ottawa.

Dear Mr. Turgeon:—

I have your letter of November 22nd inviting me to submit my further views on the problem of properly absorbing into our national life those men and women presently serving in the armed forces.

In my evidence before your Committee on June 10, 1943, I indicated that those serving in the Forces, apart from having offered their lives in defence of the State, have by their sacrifice imposed certain economic handicaps upon themselves. I am of the opinion that those serving in the Armed Forces, particularly those serving overseas, merit some special consideration in order to, at least in part, offset those handicaps. To this end I would suggest consideration of the following:

1. That preference be given to ex-service men, especially those who have served overseas in the present war, in all projects financed in whole or in part by the Government or assisted by grant, loan or subsidy.

2. That in addition to the work being done by civilian rehabilitation committees throughout the Dominion in creating a favourable atmosphere in respect of the employment of ex-service men that will result in

SPECIAL COMMITTEE

employers expressing a preference, the Employment Service of Canada after due weighting for service and non-service training in assessing the ex-service man's qualifications, SHOULD GRANT TO SUCH EX-SERVICE MEN AS ARE QUALIFIED FOR THE VACANCY, PRIORITY IN REFERRAL TO THE EMPLOYER.

3. That in the reconstruction program of the Canadian National Railways provision be made in contracts for material and supplies for a preference by the contractor in his employ for those who have served overseas in the Armed Forces.

Yours truly,

W. S. WOODS,

Associate Deputy Minister,
Department of Pensions and
National Health.

On motion of Mr. McDonald the above letter was ordered to be printed.

The Chairman stated that in a previous report to the House the Committee recommended that the Prairie Farm Relief Act be made applicable to all Canada, and suggested that Tuesday next be reserved for discussion of this; also of research facilities for chemical agriculture.

The Chairman was asked to make inquiries respecting the James Committee's plans *re* housing.

The following members expressed opinions as to the proper course the Committee should pursue:—Messrs. MacNicol, Bertrand (*Prescott*), Dupuis, Gillis, Quelch, Brunelle, Bence, Hill, White, Authier and Fraser.

The Committee adjourned at 5.00 o'clock, p.m. to meet again Wednesday, November 24 at 10.00 o'clock, a.m.

WEDNESDAY, November 24, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10.00 o'clock, a.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Authier, Bence, Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Dupuis, Eudes, Ferron, Fraser (*Northumberland*), Gillis, Harris (*Danforth*), Hill, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Mitchell (Hon.), Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—29.

The Chairman introduced the following delegates from the Dominion Joint Legislative Committee of the Railway Transportation Brotherhoods:—Mr. W. L. Best, Secretary, Mr. Kelly, Chairman, Mr. J. J. O'Grady, Representative, and Mr. W. H. Phillips, Vice-chairman.

Mr. Best was called, presented a brief, was examined and retired.

Mr. Kelly and Mr. Phillips were also called, examined and retired.

Mr. Ross (*Middlesex East*) asked that the information possessed by the above named organization respecting level crossings be made available to the Committee.

The Hon. Mr. Mitchell briefly addressed the Committee.

The Chairman thanked the witnesses and the Committee adjourned at 12.15 p.m. to meet again Thursday, November 25, at 10.00 o'clock, a.m.

J. P. DOYLE,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

November 24, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: Gentlemen, we have a quorum. We have with us to-day, as you know, the Railway Transportation Brotherhoods. Many of you likely know these gentlemen, but I will introduce them to you. We have first of all Mr. Best, who is the Secretary of the National Legislative Representative, Brotherhood of Locomotive Firemen and Enginemen. With him is Mr. Kelly, Chairman, Dominion Legislative Representative, Brotherhood of Railroad Trainmen. Also present are Mr. J. J. O'Grady, Dominion Legislative Representative, Brotherhood of Maintenance of Way Employees, and Mr. W. H. Phillips, Vice-Chairman, Dominion Legislative Representative, Order of Railroad Telegraphers. After the brief is read these gentlemen will be ready to answer any questions that any member wishes to ask them.

You will understand, gentlemen, this is a committee of the House of Commons, and the opinion of the members may or may not agree with yours. They have the right to ask any questions they may wish to ask and I am sure you will find them very, very courteous.

WILLIAM L. BEST, called.

The WITNESS: Mr. Chairman, and gentlemen, first of all I should like to express on behalf of our legislative committee the very warm appreciation we feel in being given the opportunity of appearing before your committee. If you find that our brief is somewhat hurried it is because every member of our committee has been exceedingly busy on his regular duties. We have had to throw our thoughts together rather hurriedly. We will give them as they are prepared.

In submitting this memorandum on behalf of our committee and those we represent, it is not our purpose to attempt a comprehensive review of all the questions pertaining to the general problem of reconstruction and re-establishment, assigned to your committee for study and report. We desire, however, to make some observations and suggestions which we hope may be of value in your study and conclusions in devising ways and means to ensure that the maximum possible number of our citizens may go forward on the path of self-reliance.

With other representative citizens, we are deeply concerned with the consideration of any preparatory measures which may be adopted to cope with the conditions which, inevitably, will follow the cessation of hostilities. For this reason, we have followed with interest the work already undertaken by federal and provincial governments towards the adoption of such measure as may be found necessary to ensure economic and social security for all our citizens. We recognize, of course, that the prosecution of the war to a victorious conclusion and continuous planning and effort to that end must be our primary objective; but it is also imperative that there shall be appropriate planning for the readjustment period after peace is declared. To this end we are anxious that Canada shall develop to its highest efficiency the social and economic organization so essential to national well-being. In other words, if the application of mechanical

and industrial sciences, with the co-operation of manpower, have resulted in such remarkably creditable showing in the immense production of essentials since war was declared, it seems reasonable to assume that science should also be applied to our social and economic preparedness for peacetime security.

It is encouraging to observe that our views have substantial support from others who are devoting earnest thought to the subject of post-war planning. In his New Year's Day statement President Roosevelt of the United States stressed the urgency of post-war international co-operation aimed at making another war impossible and at spreading the blessings of peace to all mankind. The three-fold objective of the united nations, the President said, was: "First, to press on with the massed forces of free humanity until the present bandit assault upon civilization is completely crushed; second, so to organize relations among nations that forces of barbarism can never again break loose; and third, to co-operate to the end that mankind may enjoy in peace and in freedom the unprecedented blessings which Divine Providence through the progress of civilization has put within our reach."

In another New Year statement, delivered in Montreal by Mr. E. J. Phelan, Acting Director of the International Labour Organization, it was emphasized that the hoped for sight of victory should also bring realization that the task of world reconstruction "will be one of immediate urgency." Continuing, Mr. Phelan said: "If disillusionment and disaster are to be avoided when military victory is won, the same unity of purpose, the same courage and the same determination must inform and inspire the campaign against the social evils of poverty, injustice and unemployment." Further, the statement affirmed: "Social security and a rising standard of living combined with the freedom and dignity by the citizens of the free peoples will only be achieved and maintained by a conscious, determined and lasting effort. The war has revealed potentialities in the democracies as unsuspected as they are full of promises and hope. The magnitude of the task is no more unprecedented than the possibilities of its successful achievement." "If this task is to be accomplished," said Mr. Phelan, "national action pursued with boldness and with vision completed by international action of like character are both required."

We are quite in accord with the views expressed in your Committee's Second Report, paragraph 1, namely: "that the most immediate reconstruction problem confronting Canada is the creation of employment for and the proper settlement of men and women released from the armed forces, the merchant navy and our war industries, and that the solution of this problem should be undertaken by the federal government, with the co-operation of the provinces, wherever possible or necessary." In this gigantic undertaking, with all its implications and related factors, you have the assurance of our co-operation, whenever possible consistent with other obligations.

I. *Reconstruction Projects.* The following works might be undertaken to the general advantage of Canada and as means in providing a vast amount of employment:

(1) Extension of the Federal Housing Act and provision for Government subsidies for building houses for the use of low-income groups in municipalities and rural districts.

(2) A non-profit slum clearance program and development of modern housing and town-planning scheme. It is generally recognized that in many parts of Canada housing conditions are far from ideal.

(3) Measures to effect co-operation between the dominion, provincial and municipal governments to undertake a survey of anticipated requirements for public buildings, including schools, and the establishment of a system of modernization; also means for extensive development of a system of public baths, swimming pools and other recreation facilities.

(4) Large scale development for the utilization of water power for the creation of electrical energy. Respecting this proposal, it may be contended that the post-war problem of electric power is not the need for further expansion, but rather to distribute energy already developed in the production of war equipment and supplies; that when industries cease production, on the declaration of peace, there will be three million horsepower, or about one-third of the energy now generated in Canada, available for other purposes; and that would probably be more than normal peacetime production requirements. We believe one practical answer would be rural electrification. It has been estimated that about 80 per cent of Canadian farms are without available electric energy and, therefore, many of these farms may be regarded as potential consumers. To make available electric illumination and the use of modern electrical appliances to as many rural homes as possible, would constitute an important step in the direction of inducing large numbers of boys and girls to remain on the farm, rather than seeking employment in already over-crowded industrial areas.

(5) Diversion and conservation of water power for a greater use of our lakes and rivers as means of pure water supplies; also the construction of sewage disposal plants for preventing the contamination of our lakes and rivers.

(6) Protection and improvement of present forest assets and reforestation in depleted areas.

(7) That all labour employed on government-sponsored projects be paid in accordance with Fair Wage Schedules and collective agreements; organized labour to be represented on boards and committees which may be constituted in connection with carrying out such projects; and that as a post-war measure a six-hour day and a five-day week be established.

(8) That the retiring pension age be reduced to 65 years for all people in remunerative employment with an adequate allowance to provide a Canadian standard of living.

(9) *The elimination of level crossings with the railways.* The fact that there are over 30,000 places where the highway crosses the steam railway at grade is an indication of the gigantic task before us in a public project of this nature. The nerve-wracking experiences of enginemen and trainmen and the hazard involved owing to coming in contact with various types of vehicles at level crossings, with frequent fatal results, demonstrates the vital urgency of undertaking this task of eliminating all level crossings, where practicable, particularly those known to be most hazardous. Whilst this may be regarded primarily as a provincial responsibility, it is our considered judgment and, therefore, we would strongly recommend that Section 262 of the Railway Act be amended to provide that the annual appropriation of \$200,000 to the Railway Grade Crossing Fund be increased to at least \$500,000. We submit that the conservation of human life and property is of such vital importance as to justify, at least, that amount being appropriated by the federal parliament to assist the provinces and municipalities in this important work of eliminating level crossings or increasing protection therat.

The foregoing are but a few of the many projects which might be profitably undertaken to relieve unemployment.

II. *National Transportation Policy.* For several years our legislative committees have been urging upon the federal and provincial governments the desirability of more equitable regulation of all forms of public transport, with a view to formulating and adopting a National Transportation Policy. Obviously, such a policy can be realized only through the co-operation of government authorities within whose legislative competence

the several transport agencies operate. To assign to each its appropriate place in the transport field, where it can render its greatest service on remunerative terms, is an ideal worthy of our united efforts and which, we submit, national interest demands.

Those who have impartially approached and made an intelligent study of this subject have been confronted with constitutional difficulties, particularly when proposals have been made to place all forms of transport for hire under federal government authority to ensure equitable regulation and effective control. Although our representations have emphasized the destructive effect which unregulated competition has had on steam railways, we fully recognize the constitutional barrier and the limited legislative competence of the federal government to deal equitably with all forms of transport. We have been encouraged, however by the growing sentiment in favour of some such policy and the number of public men who have given it their approval as the most practical solution of our so-called transportation problem. A very striking emphasis is given this subject in the Report of the Royal Commission on Dominion-Provincial Relations. In dealing with dominion-provincial aspects of transportation, under the caption of "The Problem of Railway and Highway Competition," Chapter II, the commission makes these significant observations:

The problem cannot be approached with any assurance that it can be dealt with successfully without widespread and well-informed recognition that it is one of major importance and that refusal to deal with it or failure to attempt to deal with it will have consequences, financial and political, dangerous alike to the Dominion and the provinces. Involving as it thus does both the Dominion and the provinces and having within it possibilities of so alarming a character, this question has engaged the most earnest attention of the Commission...

The present division of powers may easily lead to chaos, unless the policies of the Dominion and the provinces can be co-ordinated. But, given a disposition on the part of the various governments to co-ordinate their controls over transportation and their financial aid, so as to leave to each type of transport a chance to perform on remunerative terms those classes of service which it is best adapted to perform, the Canadian transportation problem may not be insoluble.

The commission, while it can make no specific recommendation as to the lines which governmental action should take, feels that it can usefully stress the seriousness and urgency of the problem, illustrate some of the difficulties which must be faced, and make some suggestion as to the possible methods of securing co-operation between the Dominion and the provinces in framing a co-ordinated national transportation system, either on the basis of the present distribution of legislative powers or of some modification of it.

The commission has come to consider the transportation problem of Canada one of the problems which cannot be solved without close collaboration between the Dominion and the provinces. It realizes, however, that its own technical competence is slight in this field and has, therefore, confined itself in discussing the issues which will have to be faced, in the hope of doing something to clarify the problem of jurisdiction. It points out, however, the great advantage which might be derived from a Transport Planning Commission which would be concerned both with planning transportation developments in a broad way, and with facilitating the co-operation between the Dominion and the provinces in transportation matters which is necessary for the taxpayer."

The foregoing and other comments and suggestions of the Sirois Commission furnishes very substantial support to the representations made by our Joint Legislative Committees to Federal and Provincial Governments, over a period

of years, for more equitable regulation and effective control of all forms of transport for hire. Normal traffic requirements in peace time have shown such a policy is essential in the public interest, but in times of emergency, such as the past four years, demanding maximum transport services, such a policy is imperative as a national necessity.

Believing that this subject was of such national importance as to require continuous study of the ever-changing conditions and related factors, we submitted to the Federal-Provincial Conference, December, 1933, a Memorandum dealing with the control and regulation of competitive transport agencies. One of the items in our summary and recommendations reads:—

10. That following this conference, early consideration be given to the desirability of constituting a board, committee or commission to carry on a continuous study of the ever-changing transportation problem with the primary object of conserving and protecting the human element involved; also to consider appropriate measures to safeguard, as far as may be practicable, the interest of all concerned.

A similar suggestion was made to the Federal-Provincial Conference in 1935.

In a further Memorandum of Comments and Recommendations submitted "To the Special Committee of the Senate appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway situation and financial burden consequent thereto," June 21st, 1938, our summary and recommendations included the following:—

1. THAT in any conclusions reached as a result of your inquiry, the human element and general public interest be accorded first place in the consideration of such conclusions.

2. THAT the best means of relieving Canada of its financial burden consequent to the railway situation is for the federal parliament to first become clothed with the necessary legislative competence to enable it to deal effectively by regulations and control of all forms of transportation of passengers and freight for hire, together with a like legislative competence to deal with all related factors to the transport enterprise in its various aspects. This will involve the following steps:

First, amendments to the British North America Act:—

- (a) to empower the federal parliament to control and regulate all commercial transport agencies as works for the general advantage of Canada, and
- (b) to empower the federal parliament to enact social and industrial legislation of general interest and welfare to the people of Canada.

Second, having been clothed with the necessary legislative competence, immediate measures be taken to so regulate common carriers of passengers or freight for hire, by air, water or highway, first to ensure a larger amount of revenue from these agencies and, second, to equalize the conditions under which these competitive agencies and railway transportation are carried on.

8. THAT a committee or commission be appointed to continue a study of the whole transportation problem until a practical and human solution is reached, and also that provision be made thereon for a representative from railway labour.

(Copies of this "Memorandum of Comments and Recommendations" are submitted for the information of the Committee.)

I have left in the Chairman's room about 25 copies of that report. Many of the Members of Parliament received copies at the time it was issued; in fact, all members of Parliament received copies at that time and all senators; but there may be a number of members of this committee who were not members at that time and therefore have not received a copy. They are in the Chairman's room.

The need for some regulatory authority over railways was recognized as early as 1888, when the supervision of rates was assigned to the Railway Committee of the Privy Council, sitting in Ottawa. About the turn of this century two reports were prepared for the Department of Railways and Canals, the first giving the experience of railway commissions in England, and the second covering Canadian rate grievances, with a recommendation that regulation by commission be adopted in Canada.

By an amendment to The Railway Act in 1903, provision was made for the Board of Railway Commissioners for Canada, the said Board being constituted on February 1st, 1904. It was first composed of a Chief Commissioner, a Deputy Chief and one Commissioner. In 1908, a further amendment to the Act made provision to include an Assistant Chief Commissioner and two other Commissioners; the personnel since being six. For about 25 years past one of the Commissioners has been appointed from the operating railway employees.

In addition to the regulation of rates, the powers of the Board cover matters relating to the location, construction and operation of railways, safety appliances for locomotive and car equipment and generally, for the protection, safety and convenience of the public and of the employees. By the Transport Act (Chapter 53, 1938), the name of the board was changed to Board of Transport Commissioners for Canada and its powers extended to transport by air and water as well as by railways. Incidentally, it should be pointed out that, had provincial authorities cooperated when the Transport Bill was first introduced, instead of opposing it, the powers of the Board would have been extended to cover the regulation of highway transport.

This brief historic review of the constitution of the Board is merely to emphasize that public convenience and necessity demanded regulatory authority over the railways, and other utilities within the legislative competence of Parliament, but that the broader national transport policy awaits the co-operation of all governments, provincial and federal. It is our considered judgment that, because problems of transportation are of such vital importance in the economic life of Canada, the public interest and national necessity demand a centralized government authority to ensure equitable regulation and effective control over all forms of transportation offered and maintained for public service.

The foregoing suggestions and recommendations are respectfully submitted.

Dominion Joint Legislative Committee
Railway Transportation Brotherhoods

A. J. Kelly, Chairman, Dominion Legislative Representative, Brotherhood of Railroad Trainmen.

Wm. L. Best, Secretary, National Legislative Representative, Brotherhood of Locomotive Firemen and Enginemen.

J. J. O'Grady, Dominion Legislative Representative, Brotherhood of Maintenance of Way Employees.

W. H. Phillips, Vice Chairman, Dominion Legislative Representative, Order of Railroad Telegraphers.

H. B. Chase, Dominion Legislative Representative, Brotherhood of Locomotive Engineers.

J. L. D. Ives, Dominion Legislative Representative, Order of Railway Conductors.

The CHAIRMAN: Now, gentlemen, we have heard Mr. Best speaking on behalf of the legislative committee of the Railway Transportation Brotherhoods. First of all may I express to you, Mr. Best, the regrets of one of the members of this committee who happens also to be a member of your various organizations, Mr. McKinnon, that he cannot be present to-day as he is sick in bed. He had planned to be with you but unfortunately he is not able to be present.

Now, gentlemen, you have heard Mr. Best. You have read the brief. The committee is ready for questions of any nature at all arising directly or by implication out of the brief which has been presented to us.

Mr. MACNOL: Would the other gentlemen who are representatives of the brotherhood and present to-day like to add anything to what Mr. Best has said?

The CHAIRMAN: I was going to ask them that. I thought possibly some of them might like to make a statement, or that more likely they would have something to say in reply to questions which members might ask. I think possibly Mr. Kelly might have something to say to supplement the brief which Mr. Best has presented.

Mr. KELLY: Mr. Chairman and gentlemen: I think you will appreciate that as representatives of railway employees our brief should deal particularly with matters involving railway operation and conditions. I want to say to you that we also endeavoured to phrase any recommendations we may have in the light of the viewpoint of our families and of citizens of Canada as a whole, and for that reason we have dealt with some other matters or, at least, have touched on them; believing that they might be of some value to your committee. I want to say that our committee owes Mr. Best, our secretary, a debt of gratitude for the very effective way in which he has compiled the views of the various committees of our organization and for having put them in the form in which he has presented them to you. I do not know that I should say anything more, other than to thank you again for the opportunity of coming here.

The CHAIRMAN: Are there any questions? Would Mr. Phillips like to say anything at this time?

Mr. PHILLIPS: I have nothing to say at the present time.

By Mr. Bence:

Q. I was wondering if your brotherhood had considered the possibility or the question of rolling stock, the whole matter of looking after the equipment of the railroad after the war; and whether there would be a substantial amount of work available to the people of this country which will help us tide over the transition from war to peace?—A. I think the submissions that have already been made to your committee of both of the railways of Canada, the Canadian Pacific and the Canadian National—I have just hurriedly run through them—contemplate a good deal of that. They have in mind a lot of work that they are not able to do now; possibly replacement of rails and ties and improvement of the maintenance of way as well as rolling stock and motive power, which are now and have been for the past four years operating at almost maximum capacity. If they save up a substantial amount of their money for that purpose, it will create a lot of employment after the war.

Q. Do you believe that there is a considerable necessity for work of that sort immediately after the war?—A. Well, I cannot of course speak for just what they will do.

Q. No, I am referring to the necessity for it?—A. I think there will be a great necessity for it. I think there is a great necessity for work such as maintenance of way on the railways; there is a lot of that which cannot be done now, and while they are doing a splendid job operating to capacity as

they are, the fact that they are using such heavy motive power and rolling stock puts a tremendous strain on the roadbed and equipment. Then, too, there is a tremendous shortage of manpower, and supplies and materials are also short. They are going to need a good deal of improvement to the roadbed, and I think a considerable employment benefit will lie there as well as in the reconditioning of rolling stock.

By Mr. Quelch:

Q. I notice that at the bottom of page 6 of your brief you say:

"Second, having been clothed with the necessary legislative competence, immediate measures be taken to so regulate common carriers of passengers or freight for hire, by air, water or highway, first to ensure a larger amount of revenue from these agencies and, second, to equalize the conditions under which these competitive agencies and railway transportation are carried on."

I was wondering, does that contemplate that by the elimination of competition it will be possible to raise the rates? Is the suggestion there that competition at certain points to-day is bringing about reduction in rates, which from your point of view is not desirable? You say, "immediate measures be taken so as to regulate common carriers, etc.—to ensure a larger amount of revenue from these agencies". It would seem that your argument is that where there is not competition the rates are higher, and the inference would therefore be that if that competition did not exist it would be possible to raise rates. I think that would be very undesirable insofar as the people are concerned.—A. Well, I do not know just how I would answer that question. What we had in mind in making that recommendation to the special committee of the Senate at that time, which we are passing on here, was that by co-ordinating all forms of transport for hire under one central authority, the same as we did back in 1904 for the railways—because whether we had one or a dozen railways operating they were all required to operate under the same central authority, under the then newly-created Board of Railway Commissioners for Canada; therefore, they were all regulated and to that extent—I do not know how successful they were in taking care of that feature which the honourable gentleman has mentioned in Alberta; but I do know from talking to the various governments across Canada that that is one of the complaints of western Canada. I know it very, very well, and the members of the various governments have made that same complaint to us. That, generally, however is a matter of the Board of Railway Commissioners and its experts to deal with, and it is also a matter to which we have tried to give our attention as well. The reason that we have suggested the linking up of other forms of transport for hire is that we have approximately 495,000 miles of highway on which are operating 1,400,000 motor vehicles, and they all come under a different legislative competence than our steam railways which are national in their form of control and operation in this country; which means that they operate as and where they are told. Our point is, of course, that if they were under one central governing authority, with the co-operation of the provinces, much more effective results could be obtained. At the same time may I say we would like to see some provision whereby the provinces could co-operate, giving them representation on such a body if you like—the suggestion has been made that it be constituted just in the same way as the Board of Railway Commissioners was constituted. Then, of course, there would have to be an adjustment of the financial side. Take the matter of revenue from gasoline and the sale of licences and so on, that is a great deal of money; and the provinces of course have been apprehensive that the transfer of authority to the federal power might mean their sacrificing

a good deal of this money. Well, of course, that is a matter for adjustment, and that phase of it is dealt with in detail in the report to which I have referred.

Q. You say, "to ensure a larger amount of revenue from these agencies". I assume from that that you would increase taxation on these different agencies; is that it? That is the only way you can secure larger revenue, I presume. Do you suggest that the railways should be taxed more; or that highway traffic should be taxed more; or that roads should be taxed more, in order to get more revenue? Is that your suggestion in this, so as to be able to develop that in that way?—A. Well, I think what I had in mind there was that it was recognized that the regulation of all forms of transport was not comparable at all. Our railways have been regulated for years; whatever errors there may have been, that is a matter they have tried to regulate though, and to make as equitable regulations for all parts of Canada as possible. With the new form of transport by highway under the legislative competence of the province there has been no uniform regulation. More than that, they could refuse or take the traffic that was offered. They were not compelled as the railways are to take all traffic that is offered, whether it is profitable or not, the result being, of course, that they take the profitable short-haul traffic away from the steam railways and the railways have to take what is left because they have no alternative; they were obliged to take what was left whether it was profitable or not. So our thought was that there would be more coming to all concerned with benefits to the users of the railways and the highways, and assuring a proper revenue to all concerned; and also that it would relieve the tax burden in maintaining these highways. However, we deal with that more extensively in the brief which was filed before the provincial conferences of 1933 and 1935. There we refer to the conditions under which highway traffic is carried on, conditions of employment, and so on—working shorter hours and all of those things which go to form the considerations which must be taken into account when the value of a service to the public is determined. I do not know whether I made myself clear as to just how they are going to get more money.

Mr. HILL: I think what is actually in your mind is what is in the minds of a great many others in this country who have had something to do with the maintenance of highways; that one of the reasons why truck transportation is cheaper is because of the fact that the tax put on it is nowhere near what it costs to maintain the highways, or to repair the damage it does to the highways. All the highway departments across Canada agree that they cannot get sufficient revenue to maintain the highways, and they are maintaining these highways practically without cost to truck transport; and freight carried by transport truck is relatively cheaper, particularly on the short haul because there is the highway maintained for them as a charge on the taxpayers of the country. If that tax were figured out it would be found that the amount that the trucks pay as tax both on gasoline and for licenses would not nearly begin to approach the cost of maintaining these roads, or repairing the damage done by these transport vehicles. I think that probably is in your mind. That is one of the reasons why they can transport so cheaply and quote such low prices, but we pay for it by taxation. I have always had in mind, Mr. Chairman, that this transportation system should be all under one head. Whether it is under the railways, I do not care; but under government control. Highway transportation should be under control of the railways. The railways should have had charters for transporting freight both by steam and by highway and then we would have had one big organization working out the cheapest possible method of transportation for the people of this country, both as to freight and passengers. The railway people would have been picking up the short-haul traffic say as in the city of Montreal and transporting it where they did not have railway connections, but where they were picking up, say, through-freight that was going

to the city of Toronto, instead of carrying it by highway transport, with a motor and three or four trailer vans on the highway, they would load it on to cars and transport it by rail to Toronto and distribute it from there by truck because that would be very much cheaper, instead of having to carry it all by highway with the tremendous cost of gasoline and road maintenance. The railroads would then be able to pull through-trains of freight say from Montreal to Toronto, and if they did not want to handle the short-haul traffic, stopping the trains at local points, they could handle that by truck distribution, from main division points. All the short-haul local traffic could be transported by truck. That is the only way I can see that we will ever be able to get cheap transportation for the people of this country and reduce the load of taxation. I think that, essentially, is what you have in mind, is it not?—A. I am glad the honourable gentleman brought that up, because that is covered in this memorandum which I referred to in this smaller brief, the memorandum which we submitted to a committee of the House of Commons. On page 17 we have this to say—I would like to read to you from a paragraph which your Chairman has just called to my attention:

The latest complete figures of highway expenditures and revenues are for 1935, as shown in the Canada Year Book, 1937. Capital maintenance and operating expenditures by the dominion, provincial and municipal governments for 1935 totalled \$92,490,449. The total revenue, chiefly from registration and gasoline tax, amounted to \$54,623,623. It will be seen, therefore, that the expenditures over revenues for 1935 show \$27,866,826.

That is a point. I am glad you brought that up.

Mr. DUPUIS: I am afraid, Mr. Chairman, that this Reconstruction Committee has switched into a railway committee. I do not know whether or not a discussion about whether transport should be by railway or truck is very pertinent. We are charged with the consideration, as I understand it, of post-war programs, construction and providing employment for the people of this country, thus preventing unemployment. I wonder if the trend of the discussion is the proper one?

The CHAIRMAN: There is usually a trend of discussion at all committee meetings that possibly is not in direct line with the terms of reference of the committee. I think, however, this discussion is. We had before us previously the two railway companies dealing, of course, with post war problems. In both cases reference was made to the amount of freight and passenger traffic that goes by highway rather than by railway. When dealing with the possibility of the railway companies providing works, either of extension of railway facilities or of maintenance of railway facilities, the question in both submissions was raised as to the competition given to the railways by the highways. Therefore that brings the question that we are now discussing, and which was raised by Mr. Hill, directly into line with what is before us.

I might say here I spoke to the association of men who are engaged in bus traffic and those who are engaged in highway freight traffic to see if they wished to come before us on this occasion. I had in mind the thought that this submission would be made by employees of the railways following that made by the two railway companies. However, it was not convenient for them to come now but they would like to come before us during the coming session in 1944. That is the bus men and truck men. Therefore I would think that since the question under discussion is one as to the proper method of transportation and cartage of freight and passenger traffic in post war days that it would be all right so long as we do not go too far away from it.

Mr. DUPUIS: I do not want to prevent any discussion.

The CHAIRMAN: I am glad you raised the question, but I think it is all right.

Mr. DUPUIS: Both systems of transportation will give work to the people of this country, either building or repairing roads and highways or continuing the building or repairing of railways. I do not think the spirit of progress will stop the development of highway transportation. We cannot stop it, but for the long haul you cannot get rid of the railways. Therefore we will have both.

The CHAIRMAN: I do not think there is any desire on the part of any member of the committee, or on the part of any of the witnesses to-day, to stop highway traffic but it is a legitimate question, for instance, as to some of the things raised by Mr. Hill. We may not agree with them but it is a legitimate question in the discussion of post war problems. If the highway people are with us next session we will have all sides of the question.

Mr. QUELCH: I think all people from the west will agree that a revision of the freight rates structure, in so far as the western provinces are concerned, is absolutely essential if we are going to have full employment of the coal mines or even agriculture. This may not be the proper time to deal with that matter—probably it is not—but that vitally affects employment in western Canada.

Mr. MACNICOL: Employment all over Canada.

Mr. QUELCH: Yes, but more particularly in western Canada.

Mr. DUPUIS: If it is appropriate to continue the discussion on the trend of thought that was started by one hon. member then Mr. Best made a remark that although the highways took away some of the short haul transportation the railways were bound to take the rest, what was left, even if it was not a paying proposition. In the eastern provinces many times I have had to fight against a prospect of either railway to abandon some important line of railway, a very important branch line. Their reason was that it was not paying any more. I should like to know from Mr. Best how he can reconcile what he said with the general practice of the railway companies because in many cases in Quebec and Ontario they are getting rid of these branch lines. Although it is said that these companies are public utilities, that they are bound to give service because of our weather conditions in the winter time, nevertheless they insist on abandoning these branch lines. It was not a paying proposition and they abandoned them for that reason. Therefore if we are going to discuss this question of the railways I should like this question to be discussed by the authorities of the railways. I do not think they should have two measures, one in the west and the other in the east.

The WITNESS: The only observation I have to make there is that I think the hon. gentleman supports our views in this matter. What we say is that the steam railways are a national necessity. We have been saying that when applications have gone before the Board of Railway Commissioners, the Board of Transport, as it is now called, for the abandonment of a line. We have taken the same position, the same position which the communities and the representatives of the communities have taken. The railways are a national necessity whether they are paying or not.

Mr. DUPUIS: Quite right.

The WITNESS: Therefore they must be maintained. One of the strongest reasons why they must be maintained is because the federal authorities owe it to any community in Canada to see that they have some form of transport the same way as it is with the post office. That is their responsibility. Unfortunately, the other form of transport that has been competing with the railways

may be withdrawn because of severe climatic conditions, but not so with the railways. They must keep going regardless of severe climatic conditions, or whether they are paying or not. I still contend that is one of the strongest reasons why there should be some equalization. We know of many portions of the roads which are feeders and probably not as profitable as the trunk lines and so on. They are making their contribution toward the trunk lines, but segregate them by themselves and do the accounting for that piece of track and it would not pay, of course. That is the case all the way along in our whole system of approximately 43,000 miles of railway in Canada.

Mr. DUPUIS: You admit the general principle on which the railways are operating is a principle of service. At the same time these railway companies come before the Railway Commissioners and ask for the abandonment of these branch lines, although they are all an absolute necessity in winter time. They have no other way of transportation. Take the Montreal and Hemmingford line; those people have no other way of transportation in winter time. They are away from the civilized world for perhaps five or six months. Yet the railway is fighting to get rid of that branch line. On the other hand, the progress which has brought truck transportation is available to those people in the summer time. I know it is a very acute problem which has to be solved by the railways, but there is no way in the world to prevent snow falling in the winter time, snowstorms and so forth, and therefore they need the railways in winter. I sympathize with the railways, but I should like to say that if this principle is really applied by the railways, public utilities, they should not fight so strongly to abandon these branch lines.

The WITNESS: In reply to that may I say that I do not hold any brief for the railways. They are quite capable of presenting their own arguments. I have attended hearings in many of the provinces in the west within the past three years where considerable mileages have been abandoned, and I find that the railways feel there is an obligation imposed upon them by federal statute to co-operate. That is the two major railways, namely the Canadian National and the Canadian Pacific. They feel that wherever they can abandon a line and the other line can do it they ought to do it. That is one of the arguments that is used. There is not any question about that because that argument has been put up where applications have been made. You will probably remember they made a report to the Senate Committee and showed the attempts which they had made and the number of cases where they had failed. Mr. Chairman, might I just quote a paragraph here that has a bearing on this.

"Community and national interest.

Seldom has a community developed before a railway was constructed to serve it; where the contrary is true, there generally were other means of transportation. With respect to the overwhelming majority of the present individual communities throughout the Dominion, the railroads were the first to come, and, logically, should be the last to go. To permit the railways to leave or to unduly curtail reliable transportation facilities would be to break faith with hundreds of thousands of our citizens who have founded these communities, built their homes and established their places of business on the faith that the railways would always give them that which is so vital to community life and social existence, namely adequate, continuous and dependable transportation. A discontinuance of railway service will leave the citizens at the mercy of other unregulated and unreliable transportation agencies not under federal control. It will also result in destruction of private business and homes and will virtually wipe out real estate values, all of which have been predicated upon the faith of the people of those communities that the railways would continue to serve them,

and so on. I do not think I need to read any more.

Mr. DURUIS: That is very well put.

Mr. HILL: I should like to clarify the remarks that I made. I think Mr. Dupuis has got the wrong idea. That I have in mind is this, that by proper direction by one authority far greater accommodation to people all over this country can be given at the same expense to the country. A lot of freight traffic which is being handled by trucks, through traffic, might be turned over to the railways, and the same amount of expense in truck traffic would serve a lot of outlying smaller towns with similar passenger and freight traffic. Of course, I think that freight traffic and passenger traffic by truck will be greatly extended in this country after the war to many of the outlying districts that are not now served by either the railways or trucks. By proper direction a great deal of money can be saved to the country in freight costs, and by saving that money other localities that are not served will get a first class service through such traffic being diverted there instead of being in competition with long through freight lines. I think your freight accommodation will be extended very greatly all through this country, and that there is a wide possibility for the extension of truck and passenger service by highway, but at the same time I think it needs proper centralized direction to get the very best service that both the railways and the trucks have.

The CHAIRMAN: Any further questions?

Mr. McDONALD (*Pontiac*): It seems to me that the solution of the problem hinges around one important question and that is whether or not the governmental authorities interested will get together and formulate a plan and agreement. Having in mind the result of the Dominion-Provincial Conference in Ottawa a few years ago I ask myself and the members of this committee what hope we may entertain of a solution to this problem along those lines? There are Provincial rights involved in the question. The Provincial governments are jealous of their rights. Will they or will they not give way in the interests of what we know to be that of the people of Canada? I submit, Mr. Chairman, to me that is the all important point and question regarding this problem.

The CHAIRMAN: That is referred to here in this brief of Mr. Best and certainly is a point for discussion if anybody wishes to discuss it. Any further questions?

Mr. BENCE: I am rather interested in clause 9 on page 3, "The elimination of level crossings with the railways." I was wondering if the delegation had any information on the cost, we will say, of eliminating 30,000 places, and how much employment we might be able to give to the country if we entered into a program of elimination of these crossings within two or three years after the war.

The WITNESS: I am sorry I did not bring figures that might have been indicative of that. I had a statement that I used with our own people and with some of the provincial governments that I think Mr. Commissioner Stone gave me, a statement that he has prepared on the cost of eliminating a certain number of crossings over a period of years. I cannot give you just what the estimate would be. I think hon. members will recall that during our recent depression period when we had a large number of people out of employment, in the 30's, Parliament appropriated under the Public Works Construction Act a million dollars one year and half a million dollars or a million dollars another year. There were three or four million dollars in addition to the \$200,000 appropriated under section 262 of the Railway Act which were expended. That was expended under the same terms of the Railway Act, that is to say, apportioned by the Board of Transport Commissioners, as it is now, on a basis of 40 per cent from the railway grade crossing fund and then the balance of 60 per cent would be apportioned as the board might determine between the municipality or the

province, as the case may be, and the railway, because in some of our provinces, particularly the Maritimes, applications probably are made by the Highway Departments whereas in this province where we have so many municipalities a municipality itself may make an application to the board for elimination of a crossing, and so on. I am sorry I cannot give those figures. I imagine they could be very easily secured from the board but I am sorry I did not take the time to do that.

Mr. BENCE: Personally I think it is a very important suggestion. I think there is scope for considerable employment there after the war is over. It is just one of those kind of things that can compass the gap. I think it is an excellent idea.

Mr. Ross (*Middlesex East*): I was just going to bring up section 9, Mr. Chairman. I would suggest that all information the Brotherhood is holding be made available to the committee along the line. There is certainly wide scope for employment there in a very heavy way. Could that information be made available to the committee?

The WITNESS: Oh yes, I think we can get that. As to the probable cost, looking to the future, to eliminate 30,000 crossings, we will say, there may be 5,000 of those that because of engineering impossibilities they cannot eliminate. They are going to have to have some more modern protection and keep protecting them, but in the major number of crossings there are no engineering impossibilities or difficulties in the way. Therefore it is a question of putting them over or under the railway.

Mr. Ross: You have made a fairly complete study of the situation?

The WITNESS: Yes, we have, but possibly the costs have not concerned us as much as looking straight at the facts that face our men every day of the year. They are unintentional, of course, but they cause hazards day by day because somebody in a high-powered motor car is not observing the stop signs or the signals on the level crossings of the railways. Passenger trains are using these railways, as you know, and people are killed. That is going on almost every day. I have not got the figures now but these figures have been very, very great. They are not as great now because our motor traffic has been reduced considerably.

Q. That information possibly could be made available. I think it would be very interesting and very important to us to make it available as soon as possible.

By Mr. Purdy:

Q. Do you know whether or not there is a survey going on at the present time to bring this information up to date, a survey being made by the Board of Transport Commissioners or some body? Are they not exploring this at the present time through the various towns and municipalities to find out the number of level crossings that require elimination as a post-war project. Do you know anything of that.—A. I have no definite information on that further than what the Highway Department have told me in the several provinces to the effect that they were trying to get an inventory, if you like, of the level crossings, which they had left within their jurisdiction.

Q. At the request of the Board of Transport Commissioners?—A. It may be.

Q. Yes, I think so.—A. It may at the request of the Board of Transport Commissioners.

The CHAIRMAN: May I make one observation here? I want to express the thanks of myself personally and I think of the committee to Mr. Best and those associated with him in bringing this question before us, particularly in the way in which it is worded. They say:

The nerve-wracking experiences of enginemen and trainmen and the hazard involved owing to coming in contact with various types of vehicles at level crossings, with frequent fatal results, demonstrate the vital urgency of undertaking this task of eliminating all level crossings...

And so on. In every province of Canada over many, many years we read where somebody has been killed at a level crossing. When we read that we think of it in terms of money and we let it go. We have those who are killed or injured through accidents at level crossings and then we have, as brought out here by Mr. Best, the fact that our railwaymen,—those who are engine drivers and firemen and who are responsible for the safety of millions of passengers every year,—are subjected to a nerve-wracking process every day in their employment. We have exposed the people of Canada and particularly those enginemen to this purely because we have never seen fit to get down to curing the problem. I think it is a very important matter for this committee.

Mr. DUPUIS: While we are on this point of eliminating the railway crossing I should like to put on record my views about it. For some time I have been interested in the elimination of railway crossings and the cost of so doing. Up to now it has always been a struggle between the municipality in which the railway crossing to be removed is located and the Federal Government and the Railway. The railways especially were very strong on putting the municipality under the obligation of paying a certain percentage for the elimination of these crossings. We know very well that these highways have been built for the public in general, not for the municipalities. Let me take as an example the city of Longueuil: Through this city traffic goes to the United States, to all the eastern townships and to Quebec. The whole of that traffic goes through the city of Longueuil; and if we had to apportion the interest in traffic that the city of Longueuil had in the whole picture it would not be more than one-half of one per cent, and yet when we came to putting a signal on the Chambly-Sherbrooke highway, a red light and gates, they forced the city of Longueuil to pay one-third of the cost of the maintenance of the gates and the railway signals. I think it is unfair, and the example of Longueuil could be applied to all the municipalities in this country. I think as the highway to-day is a national service it is not fair in doing post-war work to put upon a municipality such a burden. These municipalities pay taxes to the provincial and federal governments, and then they are bound to contribute one-third of the cost of maintenance of these gates or viaducts or subways. I do not think it is fair to these municipalities and I should like this question to be studied by the railways and by the governments.

The CHAIRMAN: Are there any further questions or observations?

By Mr. MacNicol:

Q. Yes, I have one or two questions to ask. On page 2 there is a heading "Reconstruction Projects". I should like to ask Mr. Best why, after enumerating the various projects that could be done, there is not some reference to the possible extension of railway lines and the building of other new ones?—A. Well, there are many other things we could have suggested by way of potential employment but we did not go over all of the fields at all. We did not attempt to go over all the fields. We believe that if—and I made a reference to it the other day at Philadelphia—there were, say 70,000,000 people west of the Great Lakes, between there and the Rocky Mountains, you would hardly see them as you travel along on the train because of the vastness of our Canadian West from the head of the Great Lakes to the Rockies. If we had that many people obviously we would need more feeders for the trunk lines of the railways. If we get a selected immigration policy and bring in a lot of people from other countries who are

anxious to come in—that is after we have taken care of employment for our own people—these things will have to come. We will have to have other lines of railways; instead of abolishing up to 5,000 miles I expect we may have to build that many in the future. That is a future possibility, I believe but we did not mention it here because I think it has not the immediate necessity. It may be an immediate necessity in some parts that I have no personal knowledge of right now. That is a matter which the railways would, of course, look after, and look after very quickly if they saw it was necessary in order to get traffic.

Q. I would have thought that you would have communicated with your brotherhood all over the country, for they will assuredly be conversant with certain very necessary extensions and I had expected to find here suggestions as to what extensions should be made; but there is nothing in the brief about extending the railways or building new branch lines. I will pass over that question for the moment. There is one other point I should like to mention: I would have thought that you would have suggested something whereby the traffic on the railways could be greatly speeded up. For instance, my friend from Sydney over here has a very vital problem in his province and in his district with regard to the transport of coal from Sydney west. He has presented the problem to us on other occasions. He has given us evidence of the very slow speed over the railways and across the strait of Canso. He made a very strong argument in favour of something being done. I hoped there would be something in this brief by the Brotherhood as to how the traffic could be speeded up to move Nova Scotia coal west. We in the provinces of Quebec and Ontario would like to get Nova Scotia coal but because of the length of time it takes to get the coal to Ontario it makes the coal expensive. I would have thought you would have communicated with your Brotherhood and asked for suggestions as to how the speed of moving the coal could be increased by eliminating curves or double tracks here or something else there in order that the cost of transportation could be cut down. You have not suggested anything like that here at all. I think that is something worth while considering. Now, on page 3 there appears a section in which I am very much interested, section 4. I refer particularly to that part of the section commencing:

“—it may be contended that the post-war problem of electric power is not need for further expansion—”

That may be the case here in the east but it is a very vital problem in the west, an exceptionally vital problem. In the whole of northern Saskatchewan particularly they have neither coal nor hydro-electric power but they have ample potential electrical energy. I do not like to see that remark in this brief at all because people must have cheap power in northern Saskatchewan to get along. They have lots of potential hydro electric energy there. I made a very careful survey last summer at Fort la Corne. It is a most difficult place to get to but no difficulty is too much for me when I am making a survey. A dam could be built at Fort la Corne, and 125,000 horse-power of hydro-electrical energy could be produced that would supply cheap electrical power to the whole of northern Saskatchewan. They should have it. I cannot see how northern Saskatchewan is going to develop until they get cheap power and cheap light. Certainly if any people in the world should get cheap light it is the farmers on the prairies and outlying areas. Therefore I just cannot support this remark where you say: “It may be contended that the post-war problem of electric power is not the need for further expansion, but rather to distribute energy already developed in the production of war equipment and supplies.” There is a crying need for further extensions in the west and in other outlying areas in northern Quebec and northern Ontario as well as northern Manitoba and northern Alberta; where they now use coal to produce electrical energy notwithstanding the fact that the potential hydro electrical energy is running away in the rivers.

There is a further reference on page 3 that I should like an explanation on. I am not going to argue the point at all. I refer to the last clause of No. 7:—
—and that as a post-war measure a six-hour day and a five-day week be established.

The League of Nations or the Versailles Treaty established the basis of an eight-hour day and, I believe, a 40 or a 44-hour week. Personally I am not opposing a five-day week, I am in favour of it but I do not see how you would be able to compete with Europe or Asia on a six-hour day and a five-day week, which would amount to a thirty-hour week. After all, our producers in this country have to compete with conditions in the United States and according to the Atlantic Charter they have to compete with Europe. If we cut down to a thirty-hour week how can we compete? You may be able to explain it.

Mr. GILLIS: We were down to a two-day week.

Mr. MACNICOL: I know; I hope it never occurs again. At the moment we are up to a much longer day than a six-hour day or a thirty-hour week. I am not debating the point, I am only throwing out suggestions. We have to look at this whole proposition from a continental and world basis. If the whole world cuts down to a thirty-hour week I am agreeable, but we in Canada cannot cut down to a thirty-hour week and the United States remain on a forty-four-hour week. I should imagine that ought to be elucidated. I am not arguing the point. I do not want to be put in the position of being quoted as being for or against it. The Versailles Treaty set an eight-hour day and if my memory is correct a five and a half day week or a forty-four-hour week. Personally I am in favour of all our people in this country getting all the benefits that any workman in any other country has, but I want them to be able to compete. I do not want you to quote me as being opposed to your statement, I am just throwing out these remarks. You make the statement here and I thought you ought to give some argument as to how we in Canada can cut down to a thirty-hour week. I know with those on the farm it is not a thirty-hour week. They get up at four or five in the morning and they are not through at eight o'clock at night. If we cut down to a thirty-hour week in the factory we will have to provide two or three shifts on the farm in order that the farmer would not be penalized by working sixteen hours a day.

Now, I want to say a word about level crossings. I should like your brief to be stronger in this regard. I think the time has come when every level crossing should be abolished. They have no level crossings in France or England; they have no level crossings in Belgium. Level crossings should be abolished. In speaking of level crossings I have in mind a very great inventor, one of Canada's greatest who was going north one morning on the centre highway from Brampton towards Orangeville. He was killed on a level crossing of a railroad that runs north from Inglewood across the centre highway running up to Orangeville. That man's death was a tragedy to this country because he was a celebrated inventor and would have rendered much greater service to this country. That level crossing and every other level crossing ought to be eliminated. The \$500,000 a year is too small an amount to ask for. I should like to see that amended to at least \$1,000,000. We are up against a terrific problem of providing employment immediately after the war, and the remaining level crossings, overhead or under, is one of the real economic means of providing employment. I think perhaps that is all I have to say but I should like to hear you tell us how you arrive at a thirty-hour week.—A. Mr. Chairman, first of all I want to refer to the comment on sub-paragraph 4, on page 3. I think probably there is a wrong interpretation of the language, or the language itself may be wrong. We said: respecting this proposal that it may be contended. What we had in mind was that it has been

contended; and then we gave our answer, which was rural electrification. We are not contending that. We are not contending—it is not the intention that our submission is a contention—that we already have too much electrical power. That is not our contention. What we wanted to say was, that it had been contended; writers have already contended, in the weekly newspapers, that we probably have more—and so on.

Q. Might I interrupt you just a moment. That might apply particularly with respect to Niagara or Beauharnois immediately after the war, but certainly not in northern Saskatchewan. There are hundreds of thousands of undeveloped potential electrical energy in that part of the country.

Mr. TUSTIN: Yes, and millions of horsepower will be required right in Ontario in the old settled districts for this rural electrification.

The WITNESS: We had in mind just what we quoted there. We had to make electrical energy, particularly illumination first, and then electrical appliances, available to all the people who are living in rural areas and that would be one of the greatest and most important steps in the direction of holding boys and girls on the farm. Those of us who grew up on the farms have but to think back to some of the reasons why we left the farms, and there were thousands and thousands of boys and girls who left the farms simply because of the attraction of the bright lights of the cities and so on when they had no bright lights at home.

And now, with regard to the railways, I think that I will not say very much on this speeding up of trains. There has been a good deal of favourable comment on the splendid jobs that the railways have done in the past four years.

By Mr. MacNicol:

Q. Pardon me one moment; it was not mileage speed that I was thinking of. What I had in mind when I mentioned speeding up was, you see it takes a very considerable length of time now for a train of coal, for instance, to go from Sydney to a point like Montreal. Could not that length of time be cut down, not by the speeding up of the engines or the trains, but rather through the shortening of hours and speeding it up in that way. That is what I had in mind. Why could not such and such be done to allow us to make this route in a shorter length of time.—A. Of course, the perfect answer—but it is not an economic one—for expeditious movement of railway trains is double track.

Q. Pardon me?—A. Is double track; that is the answer to greater expeditious in the movement of trains; double track all the road; because you not only make the movement more expeditious but you reduce by a very large percentage the hazards involved; because the science of operating railroads today on one pair of rails, trains moving in both directions is a science in itself. Many of us had to study that as much as half a century ago. That is our problem, moving the great trains at a time like this and getting passing tracks enough, and then moving our fast passenger trains and so on. Generally the coal trains, or unperishable freight, is the freight that is detained the most. The answer to that of course is as I have just stated. It would cost more money to put up a double track for railway; but then it would move traffic actually more speedily than under present conditions. The Canadian National have spent—I forget how many millions of dollars—in the electrifying where they put in a block signal and control system there between Moncton and the east to make it more safe for traffic and in order to expedite movement and as well to guard against the human element; because, after all, the whole movement is depended on the human element, and they are trying to put a little more on some mechanical appliances which are now available, and they have spent a lot of money. It has not perhaps speeded up movement as much as it has made for greater safety. On the six-hour day matter I do not want to answer that, but I do not know whether I can give you anything on that.

Mr. GILLIS: Just before you leave that matter about which Mr. MacNicol was speaking; I think perhaps you just did not get quite clearly what Mr. MacNicol had in mind. I do not want to go into this thing to any extent, but no doubt you know we have in this committee and in the house for the past three or four years been discussing this whole problem. Now, I presume you represent the employees of the whole national system—you and the other representatives who are appearing before us today.

The WITNESS: On all the railways in Canada.

Mr. GILLIS: On all the railways in Canada. Now, I think you misunderstood Mr. MacNicol. There was no suggestion that trains should be speeded up. I come from Cape Breton Island. Back as far as 1906 at least there has been pressure brought on the federal government for the establishment of a causeway across the Strait of Canso, and it has been talked about quite a lot for the last three years. There is a mile of water there that can be bridged. Surveys have been made and it is a practical proposition. It would cost a little money. It has constituted since the outbreak of the war a definite bottleneck in the movement of raw materials; steel, coal and American materials going to Newfoundland—there is a terrific hold-up there—and I was rather surprised there was not some mention made of it. We had the representatives of the Canadian National Railways in here and went all over the thing with them, presented the engineering reports which showed the cost and the necessity for it; that is, that causeway across the Strait of Canso; and secondly, the route from Sydney to Moncton—particularly from Sydney to New Glasgow—is in terrible condition. I ride over it and it is the roughest thing (outside of Newfoundland); and there have not been any improvements made on it since the outbreak of the war. I can say that quite definitely. I think if you are meeting with the employees who know that line or talking with them, they will perhaps extend that for you—that from Sydney to New Glasgow the grade and the curves on the road are such that you can only haul about one-third of the load from Sydney to New Glasgow that you could from New Glasgow to Moncton; and then perhaps to a greater extent it is increased after you pass Moncton; and there is a recommendation that has been made to the railway people and to the House of Commons and to this Committee that it should be done as a post-war project. They are not prepared to go ahead with it now because they are held down to just so much. As far as we, as a committee, are concerned, it should be one of the greatest railway post-war projects in Canada. That road should be double-tracked from Sydney to Moncton. A lot of the road bed that is there now will have to be torn up completely and these grades straightened out; that is if you are going to get an economical service from the equipment that you are going to operate over that road bed. That is what Mr. MacNicol was referring to, not so much the simple matter of speeding up the trains themselves.

Mr. MACNICOL: Yes, that is what I had in mind.

Mr. GILLIS: It is a matter of deciding whether we should go ahead with that as a post-war project. Of course, the reaction of the representatives of the Canadian National Railways was that in the aftermath of the war you would not do it; you are going to go right back to conditions of 1939; that you are not going to have any more people coming in or anything of that kind; that things are simply going to revert to what they were before. I was rather surprised in view of the large publicity on that particular thing and its necessity as a special project that something had not been said in your brief about it. There is a lot of documentary material available in the matter of reconstruction in the committee's *hansards*, for example; they contain the complete discussions and the recommendations and all the rest of it, and that is a matter to which I would like to see your organization give some attention in the future.

Mr. MACNICOL: Thank you, Mr. Gillis, for explaining it that way.

The WITNESS: Mr. Chairman, might I explain first of all that it was a matter which was never brought to our attention or probably we would have put it in here by way of a suggestion.

Mr. MACNICOL: I cannot understand why a brotherhood like yours, representative of all the employees of the railroads, would not have had a matter of that kind brought before you.

The WITNESS: That is just what I am saying, it has not been referred to us in any official way at all. While I have heard of the conditions, while I have observed the conditions down there—although I have not been down there very much since the war started—I do know something of conditions down there. For instance, going into my own province of Prince Edward Island, you have a bottleneck in getting potatoes out and so on. Particularly, we want to get some means of transportation for that little neck of water which really does create a bottleneck—the matter of getting across the Strait of Northumberland. You gentlemen probably know what the situation is there. Of course, if you put the matter up to us as to why we do not make the recommendation on that specific point our answer is that we feel that that is a matter that the railway authorities could better make recommendations on. That is my personal viewpoint on it. I might say, however, that we are heartily in sympathy with it, and with the principle that any place where grades can be eliminated and particularly dangerous curves—it will involve possibly a lot of engineering difficulties and that sort of thing, but it will create work; and there may be a great deal of that grade elimination work that can be done not only in the Maritimes but in other places throughout Canada.

Now, I do not know that I can give a satisfactory answer to Mr. MacNicol about our proposal for the six-hour day. It is not only popular, we believe that the six-hour day is really all that will be necessary and it may distribute the work that is available in the post-war period. I have never gone into the figures but we have been told by people who have given it more thought than we have that three hours a day of labour is sufficient to supply all the needs of the human race. I do not know whether that is true or not, but it is becoming more true every day with the technological changes. I do not need to go any further than the railroad for that. The locomotives that pulled you people down here from the west haul about ten times as much as did the locomotives on which I started wiping in 1890; and I have watched the evolution every since. Every step that has been made, every technological change that has been made, has been made for a specific purpose; and, we cannot stand in the way of progress. But, logically, it eliminates just that many more men. In the past two years the Canadian railroads have handled more traffic than was ever handled in the history of Canadian railroading with fewer men and less power. That is the statement which can be borne out by the fact, and it is continuing all the time, and it is trending towards one thing, having fewer men to do the same amount of work. And I do not think there is any question as to why it is done; it is done, of course, to move more traffic with one power unit; and, at the same time, to get more profits on the employees' hours—more per ton mile.

Mr. GILLIS: I would just like to support your committee's recommendation with respect to the eight-hour day. The eight-hour day was not to satisfy the League of Nations, although they did make a recommendation on it. The eight-hour day was established on this continent by the struggles of the workers themselves through the meetings of their organizations. Without going into any long discussion on the thing, I would like to give you the example of the United States' mining industry. In 1934 the operators in the United States decided that they were going to close up their mines and the mining

industry of the United States in 1934, from then until 1940. They lost some 200,000 men from that industry who left it and went into other lines of activity. As I see it, if we are to maintain full employment the only way we can possibly hope to do it is by shortening the hours of labour. If you are going to provide employment for the people from the Army, the Navy, and the Air Force who will be coming back and looking for work, and if you are going to keep those people employed who are now working in our factories, wages is not the answer to the question. If you are going to find employment for these millions of people; if we are going to accept the machine and march along with technological progress, the answer is shorten the hours of labour and provide leisure for the working people of this country in which to develop the cultural side of their lives. Work, work, work, is not the answer. Someone said here yesterday, you can go back to pick and shovel and be able to provide work for practically all these people if it is just work you are looking for. But that is not what organized peoples the world over are fighting for. There is no other way but by shortening the hours of labour; and it is a sound recommendation.

The CHAIRMAN: Are there any further questions?

By Mr. Ross (Middlesex East):

Q. In the submissions by both railroads, they agree that soldiers serving overseas in the armed forces and even in the home forces employed by the respective roads when they enlisted would be sure of their jobs on their return, or equal jobs or a better job. At the conclusion of hostilities there will be a large number of our young men in the armed forces who will likely be seeking employment on both roads, and especially I think men with special training from the armoured units. Is your brotherhood in sympathy with advocating that these young soldiers be given every chance and even a preference in the matter of employment on the roads?—A. Well, I do not know that our people are opposed to the policy they adopted after the last war; but I must say first of all, there are two things that we recognize—the employees and the railway companies entered into an agreement shortly after the war started that those who enlisted would have their seniority rights protected, and then the federal parliament passed a statute a short time afterwards not only taking care of railroad men but every person else who went over that they would have their jobs protected when they came back—they even went further than the railways themselves did. I think they went even further than the agreements which were entered into between the railways and the representatives of the men—is that not correct, Mr. Phillips?

Mr. PHILLIPS: In some ways the government did not go quite so far; and in one or two other ways that were not quite so important they went further.

The WITNESS: Mr. Phillips and Mr. O'Grady have been more directly concerned with that phase of the matter, in the operating department, than I am. They have been the men responsible for negotiating these agreements. Now, there are certain ways in which a proposal such as that could not be carried out. I think you can appreciate and any member of the committee can appreciate that if the men have been assured of their seniority, a man coming back who has been a locomotive engineer or a conductor or a trainman or a fireman, may have been on the road one or two or may be twenty years; and if he comes back o.k., he can come back to work; but they may have to go through some examinations because they have been away three or four years on war duty. If they pass that examination—and that includes eyesight, oral ability and that sort of thing—they will then be reinstated in their former positions. But, coming back to the direct question, it would be very difficult to undertake to give every returned soldier preference over men with experience on the road.

Q. I am not so much interested in that sort of preference which is already established as I am in this: would there be a special preference for those young men who never had a steady job in their lives before going overseas, before they enlisted. You see, they were very young, and they would have had little or no chance of gaining experience in employment before enlistment, but they might be entitled to some consideration in view of their service with the armed forces?—A. I could not answer you as to the extent to which that policy would be carried out, because regard would have to be given to the agreements existing between employers and employees. They would have to have regard to those, because—and I am speaking for railway men only, because that is all I really know about—with us nothing is regarded more sacred than the contract which we have with our employers; and the railways I think feel the same; and I think they would agree that we could not do anything that would interfere with them. I may say that they are finding the same difficulty—I mean, the same principle is involved—when it comes to the rehabilitation of men who have been injured in industry. The rehabilitation committee, for example, of the Canadian National had quite a time in trying to place men because immediately they run up against the agreements and the seniority rights and everything that is involved in them.

The CHAIRMAN: Mr. Phillips, would you pardon me just one second, before you speak? I think we should get this thing clear first. I was just going to say that probably what Mr. Ross had in mind was the statement placed before us by Mr. Walter Woods. I just wanted to get that information before you spoke. He was with us at an earlier meeting and he stressed the difficulty that might lie in the way of young men who, as Mr. Ross says, enlisted without having had any work, either because of the depression or because of their youth, who came back and wanted to get on the railways; he mentioned of course the fact that they would not belong to any union and would not have any particular skill owing to the age at which they entered the armed forces; and, of course, they would not belong to any union. He could get a job, but if there were any lay-offs he would be one of the earliest laid off. That question came up the other day, the words "imposed upon", may be imposed upon because he enlisted and went overseas and might be among the last to be demobilized. I just wanted to get your views on that. Before you go on the Minister has to leave for an engagement, and I would like him to say a word.

Hon. Mr. MITCHELL: Mr. Chairman, I am, of course, no stranger to Mr. Best and my good friends, Phillips, O'Grady and Kelly, as I have taken part in some of these delegations on questions affecting organization for a good many years in this country.

Most of the matters embodied in your brief are not new to me. I think what is uppermost in the mind of the railway organizations, and has been for a good many years, is a crystallization of transportation policy in the dominion. I do think there is a powerful argument for consolidation of power as an instrument of balancing what I might call the various methods of transportation in this country. I think sooner or later we have got to come to it whether we like it or not, if not on a national basis at least in co-operation with the provinces. That is stated in two sentences, but I think it covers an idea that could be much enlarged upon, Mr. Chairman, almost to a book, if necessary, but that is the fundamental principle involved.

Whether we like it or not the railroads of this country have been the builders of this country. I remember I took the view in 1932 when there was a great deal of talk of scrapping a good deal of mileage in this dominion that those people who took that viewpoint had reached the conclusion not-

withstanding the depression at that time that this country had ceased to develop and we were going to stand still. God knows what would have happened to this country to-day if the people who put that view forward in 1932 had their way. I shudder to think of what we would have done without the railroads, particularly on the St. Lawrence, in view of the conditions that existed on the Atlantic during that very dreadful period of the first two and a half years of this war, a period that I lived rather close to, and one that I never want to live through again.

On the question of electrical energy do not be afraid of electrical energy where you have got the ability to transport. Take the world picture; all the cities we hear of to-day, Singapore, Hong Kong, Calcutta, Madras, Bombay, Alexandria, Rome—not so much Rome—all those places that are in our minds as so vitally important are important because of their ability to transport by rail and also by water. Where you have got transport by water, the old tramp steamer, it quickens the life of the particular nation involved and also the community around which it is centered.

Then you have got electric power, and there my good friend, John MacNicol, will remember the trials and tribulations years ago in the province of Ontario under the leadership of Sir Adam Beck. I remember at that time I was very close to Sir Adam Beck in the launching of public ownership of hydro electric power in that province. I think, more than anything else from a material point of view, the province of Ontario has more cheap electric power than any other material changes within the power of that province.

Then you look at the province of Quebec at the present moment and see the possibilities of the present expansion and industrialization of that province largely predicated on cheap electrical power. I have a vivid recollection when the Queenston Hydro Electric development was completed. Sir Adam Beck was almost hysterical, might I say—he felt very badly—about the possibilities of the absorption of that power in Ontario. I remember him going on a trip to Detroit in an effort to make a bargain with that community to buy some of that power. Notwithstanding his fears at that time, Mr. Chairman, within three years there was a shortage of electrical power in the province of Ontario.

Whether we like it or not—and this is a cold-blooded way of looking at this war—as soon as the last shot in this war is fired, make no mistake about this, it is those nations that have the ability to trade that are going to provide employment for their people. All the sentimental phrases won't get around that fundamental fact. When you read the development of civilization as we understand it, every nation, every civilization that has been able to raise the social status of its people—look at it from that point of view—that has gone forward and developed its educational facilities and all those things that go along with it, the driving force of that has been the ability to trade, the ability to produce, ability, might I say, even to produce in competition with other people. I think that is fundamental. I know there will be people who will disagree with me on that point of view, but it has been my good fortune or otherwise to see most of the forms of government that exist in this world at the present time, or prior to the great war, in operation, and whatever form of society one sees at close quarters, you understand, it is largely predicated upon that viewpoint. In Russia you see a tremendous development of electrical power there. I think Lenin had uppermost in his mind more than anything else the development of electrical power in that great country as a form of emancipation from the serfdom that existed prior to the revolution. I remember witnessing—I hope I am not talking too long—the great power development of Dnieperetrov on the Dnieper river in the Ukraine which, after all is said and done, was made possible because of the existence of free institutions where men could think freely without being fearful of the attempts of governments and other forces within the life of the nation to stop them from doing so.

Mr. Chairman, I believe there are tremendous possibilities in this dominion in the elimination of slums in some of our larger cities in Canada. I think it is a challenge to our imagination. I am not one of those people who will run up and down this country and look upon the post-war period as a plague. I think that any nation that has had the ability to develop an industrial structure on the basis and to the extent that we have been able, with the genius of management and labour working hand in hand, can face up to the post-war period. I am not afraid of it, not for one minute.

I might say also on the agricultural structure that when we talk of slums you do not see slums there in the sense that those of us understand them who have been raised in urban districts, but there is a tremendous amount of planning and progress that can be achieved in the agricultural structure of this country. When I pay tribute to the leadership of management and labour I also wish to pay the same tribute on the agricultural front. We have done wonders under very difficult circumstances in that regard. I have very fixed ideas of where we should go from here but being a member of the government I cannot express them at the moment.

The CHAIRMAN: You are a member of the committee, too.

Hon. Mr. MITCHELL: And a member of the committee. I do think this, that it will take all the wit and ingenuity of our people to measure up to our responsibilities when this war is over. It is not going to be made possible by setting class against class, if I may say this in a reconstruction committee, because that is a problem of reconstruction. The psychological basis is just as important, in fact, more so than the material forces that we will have to deal with, but I have sufficient faith in our people and the government of this country to face up to their responsibilities because I feel this, that unless we approach it on a rational basis having in mind the rights of all classes in the community that we can quite easily slip into a condition from which it will take us a generation to rescue ourselves. That is on the psychological side. I want to thank you very much, Mr. Chairman, and I want to thank my good friends, the railway brothers, for the various constructive memoranda they have placed before this committee this morning.

The CHAIRMAN: Mr. Phillips?

Mr. PHILLIPS: Mr. Chairman, I should like to clear up one point I had in mind. As I understand Mr. Ross' remarks he is concerned in regard to the necessity for the adoption of a policy whereby the returned men will be given preference on new jobs on the railways after the war. With that I heartily agree. I think we owe it to them that they should have a preference on new jobs after the war, but I should like to point out to the members of the committee that railway organizations have practically nothing to do with the hiring of men. The railway company hires any employee they see fit. The organization has no say as to whom the railway company will hire. Our agreements with the railway do not cover the employee until he starts to work. I want to make that clear that we do not control the hiring of new employees. Speaking for my own organization I will say this, that any new man that is hired who is a returned man, will receive the sympathy, consideration and help of the members of my organization that are now working on the railway.

The CHAIRMAN: Any further questions?

Mr. MACNICOL: Mr. Chairman, we are getting near the end but I still feel that perhaps the gentleman who made this submission would like to amend the first section of clause 4 on page 3. It now reads:—

Respecting this proposal, it may be contended that the post war problem of electric power is not the need for further expansion, but rather to distribute energy already developed in the production of war

equipment and supplies; that when industries cease production, on the declaration of peace, there will be 3,000,000 horsepower, or about one-third of the energy now generated in Canada, available for other purposes; and that would probably be more than normal peace time production requirements.

I inferred from what Mr. Best said that he was thinking of the eastern situation. In reference to the east this might be correct, but I thought he might like to add to what we have here, "But this observation does not apply to western production of hydro electrical energy", because, Mr. Chairman, it is a serious situation in the west. They produce electricity in a moderate way at Regina, may be 35,000 or 40,000 horsepower, and maybe as much at Saskatoon. I believe it is about the same figure there, 40,000 horsepower, and a similar amount at Moose Jaw and somewhat less at Prince Albert. Their electric plants are splendid. I have examined them all. They are good plants. But they have got to have cheap electricity out there. They must have some industrialization.

The city of Prince Albert in 1913 commenced to build a power dam on the North Saskatchewan River at Laclede Rapids. I went and examined that power dam last summer. It is not an easy place to get to. They built a dam half way across the river and then their money ran out. Half the dam is still there. It is in fine condition after all these years. It is splendid concrete work. That shows what Prince Albert wanted. They wanted cheap electrical energy. The whole of northern Saskatchewan particularly needs cheap electrical production. Maybe you did not intend any reference to the west but I would suggest that you add to your submission that this does not refer to the west because they have not got any water power or hydro electricity to-day in Saskatchewan. There may be the odd small few horsepower plants but none, on the Saskatchewan River. At least, I have seen none, but I have seen one place where they started to do it, Laclede, and one where they made a survey, La Corne.

Therefore they are in earnest in making an attempt to get cheap electrical power from water. If you feel like amending it I suppose the committee would not object to adding something there that it has no reference to western Canada.

The CHAIRMAN: I think we should allow Mr. Best and his colleagues to make any changes they want. You remember the Chamber of Commerce made some changes in their brief after they had presented it, and if Mr. Best wants to change the wording of that I am sure that the committee would permit him to make that change. He can send it to me later if he wants to make a change.

Mr. MACNICOL: Have I made myself clear?

Mr. BENCE: I should like to add a word in support of what Mr. MacNicol suggests. I am sure that the railways understand that not only from the viewpoint of the welfare of the railways but the whole country itself we have got to develop a diversified economy in this country, and it is impossible to do so in western Canada unless we have the necessary prerequisite, and that is power. I should like to support every word that has been said by Mr. MacNicol in connection with that matter because we have all the necessary requirements in that part of the country except that very thing. I am sure if we are going to have railroads in the whole country from one end to the other and if we are going to advance our own economic welfare then certainly electrification has to cover the whole dominion and not be isolated to one or two provinces.

Mr. MACKENZIE (*Neepawa*): I am somewhat curious about that six-hour day and five-day week suggestion. I should like to suggest to the committee that the national income, including the income of those in receipt of salaries and wages, depends upon production. Now, this suggestion means a reduction

in the total national income, also a sharp increase in rates of pay. My question I want to leave with them is how out of a reduced national income can we afford to increase the earnings of workers and at the same time give employment to more people?

The WITNESS: The only answer I can give—

Mr. MACKENZIE (*Neepawa*): This is just for thinking over.

The CHAIRMAN: I do not think you are asking for an answer on it now, or are you?

Mr. MACKENZIE (*Neepawa*): Not necessarily.

The CHAIRMAN: Mr. Best may answer it if he likes; it is not pressing.

Mr. MACKENZIE (*Neepawa*): I should like him to answer if he cares to.

The WITNESS: There are two things involved, I think; the first objective we all have is to create more work. When I was on my feet before I referred to the tendency throughout our lives of technological changes just doing the other thing, taking jobs away from people because machines are doing what people were doing before. It is true there may be more employment, there may be more diversified employment, but we are not keeping pace with the technological changes. May I say this: I think one of the reasons why is that we have not applied science to our social structure as we have to our material and productive facilities. That is the reason, and that is the challenge to us all as citizens. We all feel it, we all feel our responsibility and we sometimes feel impotent to make any practical suggestions to take care of it. As to how we are going to create additional employment, our suggestion is shorten the hours, and there will be more employment to distribute than there otherwise would be, even though there may be deductions due to technological changes. Let me give you a concrete illustration of that. During the depression when large bodies of railwaymen—I am referring particularly to the running trades—felt the impact of the times, the railwaymen divided up their work and divided up their hours in order to give employment to the people who otherwise, if they had their scheduled number of hours, would not have received anything at all.

Now, then, the question of how you are going to maintain that. There is only so much production. Whatever our national income is it is there largely from production; and the distribution of that production, if produced by machines, will have to be for the benefit of humanity rather than for individuals who may have invested their money in it. That is really the only answer that I can think of. I do not think I should take up any more of your time.

Mr. GILLIS: I should like to say just a word on that. There is no doubt about it that a proposal to reduce the hours of labour requires fundamental changes in our social structure. Mr. Best made the point quite clear when he said if we are going to accept technological development in the future it must be on the basis which is obvious to anybody, and that is to relieve the human race of labour and misery. That is the only basis we can accept it on. Mr. MacKenzie says if we reduce the hours of labour we reduce the national income. That is not true. There is no suggestion in the advocating of a reduction in the hours of labour of reducing the salaries or wage rates. They remain the same. The machine is designed, so far as I am concerned, and as far as these gentlemen who have been speaking are concerned, to reduce back-breaking labour. I gave you an example a while ago of what happened in the United States. When the machine was introduced it displaced thousands of miners. These men went on relief. They were not earning anything and they became a burden on the states. There was a definite reduction in the national income in that instance. On the other hand, if they had used the machines to benefit humanity, reducing the hours of labour in that industry, because they increased production while displacing that number of men, if they had reduced the hours of labour and

retained these men in employment, maintained their wage rates as they were, these men would not have gone on relief, they would have been earning something and contributing to the national income. Therefore the reverse of the suggestion put forward by some of the members is true in the proposal to reduce the hours of labour. You increase your national income; you reduce relief rolls and you make the machine the servant of man and not man the servant of the machine.

Mr. BENCE: How much would you reduce the hours if the technological development extended to the point where the same amount of production could be obtained and is being obtained now in say three or four hours of labour. Would you reduce the labour to three or four hours a day or extend the production in other lines where it could be developed?

Mr. GILLIS: You could do both.

Mr. BENCE: Which would you do; which would be preferable?

Mr. GILLIS: It would depend on the economy of the country and the conditions within the country at that time. That is something you could not give an off-hand answer to. If you did that you would be getting into the realm of prophecy.

Mr. BENCE: I was wondering what good this thirty-hour week is from the moral or some other point of view. Would you make it a six-hour day, an eight-hour day, or a five-hour day or what?

Mr. GILLIS: The trouble in the past has been this: By and large the income of the country has been in the hands of a few people and all the rest of the people are merely slaves, working ten to twelve hours a day. Workmen have been trying to get away from working twelve hours a day and it has now been suggested that the hours be reduced to six. The fellow who always wants the other fellow to work twelve hours a day never works at all himself.

Mr. BENCE: That is not so all the time.

Mr. GILLIS: Pretty much so. Anyone, for example, who goes out on the railroad and slugs it out for twelve hours a day, which a lot of them are doing now when you take into consideration overtime, should receive some consideration. If a man gets up at five o'clock and goes down in a coal mine or goes out in a fishing boat around three o'clock in the morning or a farmer gets up at four o'clock in the morning and slaves all day he certainly deserves some consideration. By and large 98 per cent of the people in this country are in that position; and if we are fighting this war for anything it is for the elimination of conditions that breed war. If we are fighting for anything we are fighting for a rise in the standard of living of our people and the getting away from this cut-throat competition and an order of society where it is considered good business to out-smart the other fellow. Unless you do that how are you going to evade wars? That is the system that perpetuates wars. Had the system suggested by the witness been in effect after the last war there would have been no necessity for Mr. Hitler. Had the German working people got a half decent break after the war they would not have turned to a man like Hitler to solve their problems for them.

The thing I was interested in was the matter of the reduction of the national income, because that premise is wrong. The reverse is true. A reduction in the hours of labour and keeping men employed, making machine the servant of man instead of man the servant of the machine adds to your national income.

Mr. BENCE: I am wondering if the individual is not affected, the individual who works six hours a day as compared with the one who works eight hours or more. Would his income be the same? Supposing a man by working eight hours instead of six got that much more income, would a six-hour or an eight-hour day be preferable?

Mr. GILLIS: I would say six-hour day would be preferable. There are other sides to our national life that could be developed. There are many things you could do with that two hours a day. I think by and large the people who are really working in this country, the people who are producing and are travelling at top speed, believe that six hours is long enough for a day.

The CHAIRMAN: I want to express thanks to Mr. Best, Mr. Phillips, Mr. Kelly and Mr. O'Grady and all those who joined with them in the preparing and presenting of this brief. There is no meeting of the committee this afternoon. I am going to ask the steering committee to meet with me later on to discuss some matters that have been referred to it. I intended to call the meeting at ten o'clock but some members tell me that ten o'clock is really too early, taking into consideration other work they have to do.

After some discussion it was decided to meet at ten.

The committee adjourned at 12.15 noon to meet to-morrow at 10 o'clock a.m.

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SESSION 1942-43
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 29

THURSDAY, NOVEMBER 25, 1943

WITNESSES:

Mr. J. B. Sterling, President, Canadian Construction Association;
Mr. H. C. Nicholls, Vice-Pres., " " "
Mr. J. M. Pigott, Past President, " " "
Mr. F. G. Rutley, " " " "
Mr. H. P. Frid, " " " "
Mr. H. J. Mero, Walkerville, Ont.
Mr. Charles Bentall, Vancouver, B.C.

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1943

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MINUTES OF PROCEEDINGS

THURSDAY, November 25, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10.00 o'clock, a.m. Mr. J. G. Turgeon, the Chairman presided.

The following members were present: Messrs. Bence, Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Eudes, Ferron, Fraser (*Northumberland*), Gillis, Harris (*Danforth*), Hill, Jean, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin, and White—27.

The Chairman requested Mr. J. B. Stirling, President, Canadian Construction Association, to introduce the delegates of that Association. He introduced the following:—

Mr. H. C. Nicholls, Vice-President;
Mr. H. G. Cochrane, Secretary, C.C.A. Reconstruction Committee;
Mr. F. G. Rutley, Past President;
Mr. H. P. Frid, Past President;
Mr. J. M. Pigott, Past President;
Mr. A. C. Ross, Ontario Vice-President;
Mr. L. G. Ogilvie, Chairman, General Contractors Section;
Mr. Charles Bentall, Vancouver;
Mr. R. A. Seasons, Ottawa;
Mr. J. L. E. Price, Montreal;
Mr. H. J. Mero, Walkerville;
Mr. J. A. Lapres, Montreal;
Mr. B. Johnson, Vancouver;
Mr. J. Clark Reilly, Manager, Ottawa;
Mr. E. N. Chadwick, Toronto.

Mr. Stirling then presented a brief on behalf of the Canadian Construction Association, and was questioned thereon.

The following witnesses were also called and examined: Messrs. Pigott, Nicholls, and Rutley.

The witnesses retired and the Committee adjourned at 11.45 a.m., to meet again this afternoon at 2.30 p.m.

THURSDAY, November 25, 1943.

The Special Committee on Reconstruction and Re-establishment resumed its sitting at 2.30 o'clock, p.m. Mr. B. M. Hill acting Chairman, presided.

The following members were present: Messrs. Bence, Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Dupuis, Eudes, Ferron, Fraser (*Northumberland*), Gillis, Hill, Jean, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin, and White—27.

Mr. Stirling was recalled. He requested that questions be confined to construction matters. The Acting Chairman asked the Committee to keep this in mind.

Mr. Turgeon, the Chairman, took the Chair.

Mr. Frid, Mr. Mero and Mr. Bentall were called and examined.

Mr. Pigott was recalled and further examined. He agreed to submit further evidence.

Mr. Stirling promised to make available to the Committee a list of proposed projects showing their costs.

On motion of Mr. MacNicol a vote of thanks was tendered to the witnesses by the Chairman. Mr. Stirling, on behalf of the delegates of the Canadian Construction Association, expressed appreciation of the attentive hearing accorded them by the Committee.

The appendices to the brief appear as Appendix "A" to this day's evidence.

The witnesses retired and the Committee adjourned at 4.20 p.m. to meet again Friday, November 26th, 11.00 o'clock, a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, November 25, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10:00 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: We have with us to-day, as you know, the officials of the Canadian Construction Association. I am going to ask Mr. Stirling, their President, if he will introduce the different members of the delegation from his association so you will have an idea of how representative they are. They happen to be from the various parts of the country. Then I am going to ask Mr. Stirling if he will present some of the brief. I have suggested that at the end of page 12—I think you all have printed copies of the brief in front of you—that he should stop for questions and then we will go from there later on.

Mr. Stirling, would you introduce the various members of your delegation and tell us who they are, please?

Mr. J. B. STIRLING, called.

The WITNESS: Mr. Chairman, and members of the House of Commons Committee on Reconstruction and Re-establishment, the members of this delegation appearing before you this day—I see I am going to have to look around to point them out to you to see if I can find them—are the following:—

J. B. Stirling, President, Canadian Construction Association (Vice-President, E. G. M. Cape & Company), Montreal.

H. C. Nicholls, Vice-President, Canadian Construction Association (Vice-President, Milne & Nicholls, Limited), Toronto.

H. G. Cochrane, Secretary, C.C.A. Reconstruction Committee, Montreal.

F. G. Rutley, Past President, Canadian Construction Association (Vice-Pres., Foundation Co. of Canada, Limited), Montreal.

H. P. Frid, Past President, Canadian Construction Association (President, Frid Construction Co. Limited), Hamilton.

J. M. Pigott, Past President, Canadian Construction Association (President, Pigott Construction Co. Limited), Hamilton.

A. C. Ross, Ontario Vice-President, Canadian Construction Association (President, Ross-Meagher, Limited), Ottawa.

L. G. Ogilvie, Chairman, General Contractors' Section, Canadian Construction Association (President, L. G. Ogilvie & Co. Limited), Montreal.

Charles Bentall (President, Dominion Construction Co. Limited), Vancouver.

R. A. Seasons (President, W. G. Edge, Limited), Ottawa.

J. L. E. Price (President, J. L. E. Price & Co. Limited), Montreal.

H. J. Mero (President, Truscon Steel Co. of Canada, Limited), Walkerville.

J. A. Lapres (Sales Manager, Canada Cement Co. Limited), Montreal.

B. Johnson (Evans, Coleman & Evans, Limited), Vancouver.

J. Clark Reilly, Manager, Canadian Construction Association, Ottawa.

E. N. L. Chadwick, Manager, Construction Equipment Co., Toronto.

Mr. BLACK: Have you no representation from the Maritimes in your delegation?

The WITNESS: Not here to-day.

Mr. BLACK: Have you any in your membership?

The WITNESS: Yes, sir; there are a number in Halifax, Saint John, and Moncton. They were invited to be here but for reasons which I do not know they have not shown up.

Mr. PURDY: They are all too busy.

The WITNESS: Perhaps that is it; I hope so.

Now, Mr. Chairman, these men are all practical building men, all in the construction business; and I should say that all of us at sometime in our career have wielded a pick, a shovel or one of the tools of the construction trade. We are all proud of it, sir; and we feel because of that fact that we are able to speak with authority on our business. I will now present to you our brief:

On behalf of the construction industry, we are honoured to present to you the following brief. In so doing, we wish to express our appreciation of the opportunity afforded us to present the views of our industry.

The Canadian Construction Association, whose membership is composed of general contractors, trade contractors, manufacturers and suppliers of material in all parts of Canada, is linked by affiliation memberships with local associations and builders' exchanges in the principal cities. It is a non-share, non-capital organization, was incorporated in 1919, and is representative of the working forces employed through construction, which in 1941 were close to ten per cent of those gainfully employed.

Our industry takes pride in its accomplishment over the past four years of war, in laying the foundations for Canada's vast war effort. Our preparedness, initiative, and mutual trust between our labour and management made possible the rapid completion of airfields, barracks, shipyards, war plants, and war housing, from Newfoundland to Alaska. These tasks are almost completed.

We look forward with confidence to our next task, that of being the first industry to absorb the shocks of a return to peace.

WHY THE BRIEF IS BEING PRESENTED

There is no certainty as to Canada's postwar future! There are to-day two schools of thought; one is represented by those who see deflation and unemployment ahead, and seek some "New Deal" as a way out. Another group believes planning can assure us full employment once the short period of adjustment is over. They talk of dammed up purchasing power, of the pent-up demand for both consumer and capital goods.

Demobilization and reconversion after the last war had to deal with something over half a million of Canada's armed forces, together with probably not more than some 100,000 workers in war industries. This time demobilization may involve re-establishment and the adjustment of employment of some 750,000 of the armed forces plus over a million now employed in war production, or roughly three times as many in all as in 1919.

It is only the policy of prudence to go on the assumption that we shall have to create employment to carry our people through the years involved in changing over from war production to peacetime production and in re-absorbing our armed forces into civilian occupations.

ADVANTAGES OF A CONSTRUCTION PROGRAM

Construction is an industry that offers help, without delays and in measurable doses. If properly planned and prepared, it provides a method of creating employment exactly when and where and to the extent required, a method that may be applied almost at will.

In general, not less than one-third of the total value of the average construction undertaking is spent on direct labour employed in the field, and even a greater proportion of that total value is spent for additional labour in the factories and in transportation.

It has been generally accepted by both employers and labour that seventy-five cents out of every construction dollar expended goes into somebody's pay envelope, in field or factory or freight yard.

A construction program offers a very rapid conversion of basic products into finished work, and consequently a high velocity of money circulation. As compared with many other industries, where large inventories are built up, such is not the case with construction, where projects are built to order and placed in immediate service. The content of imported materials is very small, and therefore practically all the money spent passes into Canadian pockets.

IMMEDIATE START ON PLANNING IMPERATIVE

The construction industry desires to emphasize the urgent necessity for expediting the preparation of complete plans and specifications for post-war projects of both a private and public nature, ready for calling for tenders at an hour's notice. Even though construction projects in such a reconstruction program may not be needed for providing employment until well along in the future, much time is required for expropriation of land at sites, negotiations in connection with purchase of property, materials, machinery and equipment, and for designs, final estimates and lastly financing.

There are many competent architects, engineers and departmental staffs presently short of work who could and should be utilized now for such planning and design. Not to utilize such skills at a time when there is so much to be done is shortsighted indeed.

PRIVATE CONSTRUCTION SHOULD COME FIRST

Construction by private enterprise should be given the first chance to create employment. We believe the government should give every encouragement possible to private industry, through loans at a low rate of interest, incentive taxation and other means, to initiate private construction. Publicly financed construction should supplement this private construction only in the event of the latter failing to provide the required amount of employment. It should not be looked upon as a substitute for private construction, but held in complete readiness for instant use whenever needed.

It is important that such industries should be encouraged to make plans and designs by allowing them to use their own funds up to 3 per cent of the cost of the proposed work, for such projects as are approved or certified by some suitable authority, such funds being deducted from the taxpayer's taxable income, sums so deducted automatically lapsing if construction does not proceed within a specified time.

TYPES OF PUBLICLY FINANCED CONSTRUCTION

Any post-war program for publicly financed construction when and as needed, should be of a volume which our Dominion's economy and that of the various provinces and municipalities concerned can support. Projects chosen should be of a character such as not to compete with facilities provided through private enterprise. Self-liquidating projects should be chosen so far as may be possible.

Six main types of construction should have a place in such a post-war construction program, namely (1) *large engineering projects*, such as highways, airports, water and sewer projects, canals and power developments, and the like,

such as will employ common labour and mechanical equipment; (2) a *housing program*, which will employ a greater proportion of skilled craftsmen; (3) *provincial, municipal and institutional buildings*; (4) *recreational projects*—parks, playgrounds, clubs, churches, swimming pools, social service buildings and recreational centres; (5) *agricultural development*, such as drainage, irrigation, conservation, rural power lines, farm roads, country grain elevators, etc., which will employ a considerable volume of unskilled help and off-season farm labour; (6) *reconversion* of government owned war plants to the needs of private industry.

EFFICIENT METHODS PREFERABLE TO RELIEF

Our industry should not be obliged to function as a relief agency. It is all too easy to do this, since construction absorbs unemployment so readily. We do not want to see a reversion to the old policies of the depression years, involving relief projects containing a maximum of hand labour. On the other hand we urge that the most efficient methods possible be used, to the end that the greatest value is obtained for every dollar spent.

Post-war construction contracts should be awarded as far as possible on a competitive tender basis, as evidence shows that this is the most efficient and economical way of carrying out work. Advanced planning will make this possible.

HOW CAN A POSTWAR CONSTRUCTION PROGRAM BE BEST ORGANIZED?

There are a number of very important phases of this question. No matter how much construction we list and plan for, whether it be public works, or privately financed works,

- (a) will there be enough funds available?
- (b) will there be enough tools and plant?
- (c) will there be enough trained men?
- (d) will there be enough materials?
- (e) will the Industry's capacity be sufficient?

If the available quantity of any of the above items is limited or inadequate, what can be done to bring these shortages of money and plant and men and materials up to the required level?

The planning of an adequate post-war construction program must be carefully dovetailed with plans for reconversion and demobilization. It should and can be related to the available post-war supply of strategic materials such as lumber, copper and steel, as well as to the probable post-war needs for these materials by other industries. It should also be related to the supply of construction equipment, and to regional sources of supply of construction craftsmen.

The necessity of taking steps now to put these elements into balance suggests the need for a commission or board to attack these things in a vigorous and practical manner.

If the government could consider setting up such a commission or board, and under it a special construction department, headed by a small group of nationally known construction men, architects and engineers, plus town planning personnel, a permanent staff could operate under its direction.

The federal government through such a commission or board could examine and pass on the various public construction projects which are proposed, rating them in order of priority and later relating them to proposed private construction, and to reconversion and demobilization plans, timing their start and progress, accelerating or retarding them as the need arises in each region.

HOW MAY NECESSARY FUNDS BEST BE PROVIDED?

In searching for some simple way of stimulating private construction, and at the same time avoiding the constitutional barriers involved in the question of Dominion-Provincial relations, the merits of solutions applied elsewhere in somewhat similar situations cannot be overlooked.

Wartime corporations under government ownership have proved successful in war years both in Canada and in the United States. While a corporation under government ownership, for the express purpose of giving financial assistance to both private industries and government projects has not yet been attempted in Canada, experience in the United States with the Reconstruction Finance Corporation suggests that something along similar lines would be practical for Canada during the reconstruction period.

It may be that such powers could better be vested in the Bank of Canada, but it is respectfully suggested that *some* type of organization such as this, in close collaboration with existing financial organizations, would provide more and longer post-war jobs, at less ultimate cost to the Canadian taxpayer than would be possible by any other method.

Through such an agency, financial assistance for both private and public construction could be effected at the same time, stimulating one or the other as the need arises, keeping the proper balance between public and private spending, and dispensing with the necessity for many of the present wartime controls. It is not suggested that controls should be exercised over private construction which does not require government assistance, other than to record in advance the employment it will furnish.

Working closely with such an agency for providing funds, a commission or board, by making advance filing of plans for approval a prerequisite for financial assistance to private or public projects, could forecast employment opportunities more accurately by regions, and time the release of public projects more intelligently.

(A brief review of the setup of the Reconstruction Finance Corporation and of its activities and accomplishments is shown in Appendix III attached hereto.)

WILL THERE BE ENOUGH CONSTRUCTION EQUIPMENT

Total equipment now on hand is estimated to have a replacement value of close to \$100 millions. Since the value of construction equipment required represents about ten per cent of the value of the construction being done, on an average, provided it is all in use, it would appear that sufficient equipment is on hand for carrying out a construction program of any volume likely to be undertaken.

Actually there is danger that if much of the obsolete or badly worn equipment were scrapped there would be a general shortage. This is particularly true in the case of earth-moving equipment, where there is even now a definite shortage in the number of larger units. Rehabilitation of equipment generally during war years has been neglected due to a shortage of repair parts and of competent mechanics.

It is recommended that wartime controls on equipment should be gradually removed, and that restrictions on imports of equipment should also be removed as early as possible. It is believed that everything possible should be done to encourage the reconditioning and rebuilding of equipment, now, and the replacement of obsolete units by newer types of machines developed since the outbreak of war. If these steps are taken, a shortage need not develop.

(Further remarks on equipment will be found in Appendix IV.)

WILL THE LABOUR SUPPLY BE SUFFICIENT?

It is the opinion of this association that the supply of construction craftsmen will not be a limiting factor in early postwar years for any volume of construction likely to be reached, so long as the proportion, as between building and engineering projects, remains relatively similar to that obtaining heretofore.

(A further appraisal of potential labour supply will be found in Appendix V.)

WILL THERE BE ENOUGH CONSTRUCTION MATERIALS AVAILABLE?

Reports from suppliers indicate that piping, hardware, heating equipment and electrical goods are already becoming easier to obtain.

With the return of the lumber industry to peacetime operations after the war, it is not anticipated that the lumber supply will give cause for apprehension, provided encouragement can be given to that industry to attain full capacity.

On the other hand, priorities, if established, for the supply of materials for rebuilding devastated areas abroad, might limit certain domestic supplies on which a postwar construction program depends.

WILL THE INDUSTRY'S CAPACITY BE ADEQUATE?

The capacity of the construction industry can best be expressed by total value in dollars (including expenditures for materials and transportation costs), and in employment.

Dominion Bureau of Statistics yearly construction volume is used as a basis throughout this Brief.

It is estimated that the value of work performed in the year 1943 will be approximately \$400,000,000 for work carried out according to the Dominion Bureau of Statistics. (Approximately \$200,000,000 for contracts awarded is the corresponding figure according to MacLean Building Reports.)

From the volume of work carried out previously and the availability of machinery, labour and materials, we estimate the possible construction volume that can be carried out by contractors, governments, the Harbours Board and municipalities to be as follows, expressed in millions of dollars:—

Possible Volume Last War Year	First Post-War Year	Second Post-War Year	Third Post-War Year	Fourth Post-War Year	Fifth Post-War Year
250	450	200	650	150	800
to	to	to			
350	500	150	650	150	800

I might say, gentlemen, that the volume for this year as close as we can estimate is something like \$215,000,000 on the MacLean basis and about \$400,000,000 on the Dominion Bureau of Statistics basis.

The capacity of the construction industry to give employment for various annual volumes of construction is estimated by us to be as follows:—

Gross construction volume per year (D.B.S. Index)	Total number employed on the job, and in factories, mines, woods, mills, etc., and transportation Persons
\$300,000,000..	287,000
\$400,000,000..	383,000
\$500,000,000..	479,000
\$600,000,000..	575,000
\$700,000,000..	671,000
\$800,000,000..	767,000

By Mr. Castleden:

Q. That is employment for a whole year?—A. That is correct. Undoubtedly questions will be asked about that and we will be glad to answer them later.

The above figures show the gross number of jobs created. To determine the amount of *additional* employment created it would be necessary to subtract from each of the above figures the numbers of those steadily employed in the industry.

(A more detailed analysis of the industry's postwar capacity will be found in Appendix VI, in which are included Tables VI-A to VI-J inclusive, and Graph VI-K).

LABOUR RELATIONS

The good relationship existing between management and labour in the construction industry has developed to the present standard over a long period. Forty years ago or more, employers and labour unions representing the fourteen different trades in the industry began making collective agreements governing wage rates, hours of labour and working conditions.

The National Joint Conference Board, established in 1921 and re-established in February, 1941, has been actively in operation ever since, and is composed of nine representatives of trades unions and nine employers. The chairman is an officer of the Department of Labour, and the secretary is also provided by the department.

We are desirous that in the future these relations be maintained and improved. For this reason we believe and respectfully recommend that this National Joint Board be continued in the post-war period under the provisions now made by the Department of Labour, and as in the past problems affecting our industry be dealt with by this board, and their recommendations be sent on to the Department of Labour for its serious consideration.

(Further remarks on labour relations appear in Appendix I.)

LEGISLATION

The attitude of our association on further legislation required on various subjects such as wartime controls, excess profits, taxation, depreciation, sales taxes, exemption of city taxes on improvements, is summarized in the report of the sub-committee on legislation. (This is shown as Appendix VII.).

Our association feels that the government's post-war policy on reconstruction will have to be declared before private enterprise can proceed with its planning to any great extent.

Government policy on the disposal of government-owned industrial buildings and equipment should be formulated and announced at the earliest possible date, so that private corporations can decide on their post-war building plans.

Private industry is hesitant about spending money now on plans which may later have to be scrapped due to major changes in post-war financial policies.

HOUSING

This association believes there is need for a maximum of some 300,000 houses in Canada, to be built over the first five post-war years.

The National Housing Act has made it possible for people of fairly low incomes to own their homes, but this can only apply to a small percentage of people. The greater part of these 300,000 homes will be for low-income families, and will involve government ownership and assistance in some form.

Many existing houses are still very useful and only need some assistance to make them available for many years to come. A government policy that would create new housing within the reach of low-income families should bring

suitable old housing also within the reach of these families. Any other policy would be a violation of the rights of owners and mortgage investors. The government cannot, nor can anyone else, furnish suitable housing for low-income families at a rent within their ability to pay, without subsidy or help of some sort.

No study of housing conditions and housing requirements in Canada can proceed very far without the necessity of proper town planning becoming apparent. Properly constituted town planning committees, operating under federal government direction or regulation, should be a necessary prerequisite to any federal government housing assistance.

This association suggests that a special department, commission or corporation be placed in charge of this assisted housing which shall be charged with the creation, management and maintenance of these projects. Acting in conjunction therewith will be town planning committees in the larger centres.

Under such an arrangement is should be possible to—

- (a) Condemn certain sub-standard housing and have it removed, under suitable indemnity payment;
- (b) Approve certain housing for some form of assistance that would bring its rental to desired levels, and so retain its use;
- (c) Locate new neighbourhood, or group housing developments, with due regard to proper location in relation to other civic areas, to the provision of related community buildings, play areas, etc., and to the setting up of some suitable agency to promote community activities.

Any national housing plan cannot possibly ignore the housing conditions that exist on many of our farms. Provincial commissions would have to be established to pass on the ability of the farm to produce, and the ability of the farmer to pay.

If anything like 300,000 housing units are needed, it is obvious that they will have to be furnished over a period of years. A considerable amount of money will be involved, not only in the building of houses, but in the reclaiming of lands condemned, and removal of areas that have deteriorated to a point where they become slums.

The replanning of cities, the furnishing of homes for low-income groups, and the tying-in of the necessary community facilities are problems we must face after the war. In their solution a very constructive field of employment and rehabilitation may be furnished.

(In the interest of brevity, the subject of housing is only mentioned above in broadest outline. It is unquestionably a major factor in the consideration of any postwar program. Your committee's attention is respectfully called to Appendix II attached hereto, wherein a more thorough discussion on housing will be found.)

SMOOTHING OF CYCLICAL FLUCTUATIONS SHOULD BE SOUGHT

Earliest consideration should be given to the formation of a policy by dominion, provincial and municipal governments to the deferment of public works during periods of prosperity to those periods of depression which periodically strike the construction industry. The industry has become known as a "peak and valley" one, as shown by graphs attached to this brief. The smoothing out of these cyclical fluctuations, thereby assuring a more balanced economy for the whole country, can best be accomplished by the proper timing of public works programs.

POST-WAR CONSTRUCTION—APPRAISAL AND COMMENTS

Assuming the war ends by 1945, and making allowance for the increase in population since 1941, the backlog of public and private construction accumulated by that time is estimated by a government authority to be around

\$3 billions. No breakdown of this figure as between publicly and privately financed construction is possible since the Dominion Bureau of Statistics records of construction have never shown construction separated on this basis.

At the estimated capacity rate of construction activity, namely \$500 millions the first post-war year, \$650 millions the second year, \$800 millions the third and succeeding years, and assuming current needs for new construction will continue at the pre-war average gross volume of \$461 millions a year, it should take some ten years for this \$3 billions of backlog to be satisfied.

Many lists of potential post-war construction projects are being prepared by municipal and provincial authorities, by private corporations and by various associations. The suggestion of this association is that these groups should be invited to submit their lists to a central government authority for the purpose of combining them into a comprehensive list which would be available to the Dominion Government.

Meanwhile our association has compiled from lists submitted by the Daily Commercial News and the Canada Cement Company, two of our members, a schedule of works broken down by provinces and by categories, such as roads, buildings, railway construction, sewers, etc.

This schedule, which can be made available to your committee, is comprised almost entirely of works of a public and semi-public character, federal, provincial and municipal. To them has been added a provincial breakdown of housing needs as forecast by members of our association. The total volume of public construction shown in the schedule to date approaches a total of some \$3 billions, and is so varied in character and so widespread geographically that it is elastic enough to satisfy the need for employment. As and when government post-war policy is formulated, it will be possible to compile a list of potential private construction.

It may well be that a careful appraisal of such a schedule by some central authority will discard many of the proposed projects on the grounds that they are ill-advised or uneconomic. The schedule does however indicate broadly the trend of regional thinking along these lines.

(In Appendix VIII attached herewith we submit a summary of this schedule as an exhibit. This list excludes the federal program of public works which is not yet declared.)

(Appendices attached to the brief appear as Appendix "A".)

Before sitting down, gentlemen, I should like to thank you very much for the very close attention I have received in reading this brief without any disturbance whatsoever. Thank you very much.

The CHAIRMAN: Mr. Stirling, I am sure we all are appreciative of the work that you and your associates have put into this program which you have presented to us. The meeting is now open for questions. I just want to make one little remark. You will see from the nature of the brief so far submitted to us that the steering committee in arranging to have the Construction Association before us had in mind some of the essentials of the report which we presented to the House before the adjournment of the session, and that we had in mind the fact that the time is coming very very close when the construction problem must be taken well in hand. The meeting is now open for questions to Mr. Stirling or any of his associates he has here with him.

Mr. HILL: Mr. Chairman, I have a question or two with regard to housing. I should like to have a little more elaboration on your ideas. One of the questions would be this, when you refer to the necessity of capital assistance in order to bring rentals of public housing within the reach of families with incomes of \$1,200 or under, what kind of assistance do you mean, and what form would that assistance take? Would it be capital assistance in building to reduce the cost or just what would be your idea?

The WITNESS: Mr. Pigott will answer that question.

Mr. PIGOTT: Mr. Chairman, assistance to public housing, or to home owner housing, has taken different forms in different countries. In the old country, particularly in Europe, very substantial assistance was possible because of the land owning policies in those countries. For instance, cities in Sweden, Holland, Germany and Austria owned very large areas of land around their own fringes and they were able to assist in their housing developments through the use of land. In other countries families have been able to work on their homes and that, coupled with the use of the land, has made it possible to bring the cost of housing down, but in the countries that we are more interested in, Great Britain and the United States, assistance has taken the form in the case of Great Britain of annual cash subsidies based on so much a house from the central government and supplemented by a grant of half as much as that by the municipality itself.

That kind of assistance has promoted the construction of a million and a half houses up to 1935. I believe their plans drawn up in 1931 for a 20-year period cover an additional 5,000,000 or 6,000,000 houses. Of course, in Great Britain, as you probably all know, their housing difficulties date away back beyond ours, and sprang from probably the worst housing conditions in any of the modern countries.

I think the assistance given housing in the United States has a more direct application to our problems. There, while substantial assistance has been given to people who want to own their own homes through the Federal Housing Administration and through a system of insured loans, low rates of interest, still that policy and that plan has failed to reach down far enough to help people of low incomes. It is not hard to establish that over there, of course, their salaries and wages are a little higher than Canada but the percentage of families that are not likely to own their own homes—in fact, should not be encouraged to own them in a way—would run from 50 to 60 per cent.

Therefore the great bulk of the housing will be for people of low incomes, and consequently assistance in the way of loans and that sort of thing does not reach them. In the United States they finally embarked on that part of the program with a good deal of courage. That was started in 1932 and was succeeded by this U.S.H.A. in 1937. They have invested some \$800,000,000 in public housing. That is housing that is owned and administered by the government through local authorities. The assistance that was furnished there was given in this way. The cities like Pittsburgh, Washington and Toledo have very large housing projects. A local authority is set up. The municipality puts up 10 per cent of the cost either in land or money. The federal government loans the 90 per cent and it loans it at a rate of interest of about 2 per cent. The housing or the accommodation is rented to families, giving them the accommodation that they need, having in mind the size of their families, and it is based on a percentage of their income, a fifth of their income. Some places it is one-fourth of their income but in that case it includes certain services like electricity, water and so on. The result of that, of course, is that in cities like Pittsburgh similar families with similar accommodation will be paying in one case \$13 a month as the minimum and to as high as \$26. There is a top level of approximately \$1,500. If they are earning more than that they do not rate that kind of housing assistance. In Toledo it is a minimum of \$10.75 a month and a maximum of \$35 a month. In Washington it is on a similar basis.

Now, to the extent that income on these projects fails to meet the operative cost the federal government contributes to the extent of 3 per cent of the cost of the project and the municipality contributes an amount equal to one-fifth of that. In the case of Pittsburgh where they have a very large project the federal government at the highest point of its contribution has had to contribute

2·2 per cent; that is, after interest and depreciation. Of course, there are other forms of assistance; there are loans without interest, cost annuity, contingent contributions, tax exemptions and relief subsidy, which is the one I have described, family allowances. It should be pointed out however that the form of assistance given by the U.S. applies directly to the relief of housing and it is not and does not affect other elements of the cost of living. It is generally held housing conditions and housing costs are peculiarly and outstandingly in need of some form of help to bring it into line with the other elements in our standard of living. Family allowances, general wage increases, remedies of this kind, would raise the cost of everything and probably defeat the purpose intended in the long run. I think that covers your question.

Mr. HILL: Mr. Chairman, I think that is a very excellent exposition of the situation with regard to housing. I have one more question on building to which I should like to have an answer, and it is with reference to the town planning on which there is a great deal of discussion. This apparently advocates the tearing down of large sections that have approached slum conditions in the city. We all realize that in many cases would cost quite a bit of money because the land, or that portion of the city, is still of course of some value, and if perhaps 50 per cent of the houses should be torn down perhaps they are adjacent to 50 per cent in fair condition. It would cost quite a lot of money. Personally I am one that believes this should be done and I do not think that the money cost is really something that has to be very seriously considered when you are making a great improvement in a town or city. But I should like to have you give just a little further information on that. Could you explain to us just what your ideas are as to the way the money would be procured for expropriation and condemning these areas and how they would be handled afterwards because apparently the government would then own the areas after they expropriated them. They would have them under their control unless they made some arrangements with the owners to allow them to continue to own it. Can you give us something on that?

Mr. PIGOTT: Mr. Chairman, of course we do hear a great deal about town planning and I am sure you are all familiar with the arguments which are in favour of it. It is particularly interesting right now because in some of our larger metropolitan areas we are all conscious of the fact that there has been no planning and the thing has got rather out of hand and some of these cities are facing rather serious situations. But wherever this problem has cropped up, and of course it has cropped up all over the world, one of the main stumbling blocks has always been the cost of reclaiming this land. Of course, it is natural that these blighted areas would be in towards the centre of the city, and the land is held probably mistakenly by owners at prices that make it very difficult at least to handle.

Mr. HILL: Excessive prices.

Mr. PIGOTT: They have passed legislation in some of these states to the south of us, Michigan, New York, Massachusetts particularly. They are big states. The legislation there—and of course the same would apply here—has to be made at three levels. It has to have federal, provincial and municipal tie-ups. The actual direct legislation would be either by the state or in Canada by the province. Such plans as we have now available for study in these states make it possible for public bodies or an association or a private corporation to make application for the funds to carry out the reclaiming project. Just roughly the scheme is something like this, that they must first of all have the approval of the municipal and the state board or committee that the area that they proposed to reclaim is a proper area for reclaiming; that it is an obsolete and deteriorated area and that it is a suitable subject for being included in the

plan. Then they have to proceed to develop the plans, what they propose to substitute for what they remove. That again has to be approved. When that is finally done and the owners of the property have an opportunity to be heard, the matter then is closed and authority is given to expropriate and condemn. The main thing about any such plan of course as you all realize is to have some fair quick way of valuing that land.

We have, as you know, under our Workmen's Compensation Board, a fair quick way of establishing the value of accidents and damages of that kind. Some properly constituted authority could deal with the question of possession and value of those areas, and I imagine—I am only just speculating; if you think about these things you have to drift along those lines—they would have probably the right to go further to the Exchequer Court or something of that sort if they felt they were not getting proper treatment. But where they have been doing some of this I understand that they have established a fair house value and then in some of them they give the owners of the land the opportunity of purchasing common stock or an equity in the reclaiming project at some percentage so that they do have a share in it.

In any event, it would cost a lot of money and for that reason it is not suitable property for individual housing. Therefore you find that in order to put something on there that the value can justify you have to go into multiple housing, which would be a fair type of apartments, well-planned. You have seen them in the States in some of the larger cities there. They are very excellent buildings. People seem to enjoy them, like them very much. It is true in Canada we are not accustomed to living in apartments to the same extent as they are in the States, but as your cities grow and these problem areas arise that is the only satisfactory way of rebuilding a blighted area within the old areas of the city.

As you go out to the green belt and the fringe then, of course, your land proposition becomes very simple. You can plan your neighbourhood project and tie them in with community halls, schools, playgrounds and all that sort of thing, but it is hardly possible in the inner areas of the city.

Mr. HILL: That is very satisfactory.

Mr. MACNICOL: Since we are on housing is it your idea to finish up that before we take up another item? Housing does not come until page 10 of the brief, therefore we have jumped from page 1 to page 10 to start off with. Should we not finish that before we go on with something else?

The CHAIRMAN: Are there any further questions on housing?

Mr. MACNICOL: I have a question. I am sure, Mr. Chairman, that these gentlemen, who are leaders in the construction industry in Canada, are conversant with the programs and plans that were made in certain cities, and in that regard speaking of Toronto, I am sure they are thoroughly conversant with the programs that are now under consideration for rapid transit in Toronto. My first question in that regard is this: In relation to the housing proposals, has your association discussed with the authority—I do not know that an authority has been set up yet, but I do know both the city council and the T.T.C. and others, perhaps yourselves, are considering the effect of rapid transit from away out to the centre of the city with regard to town planning in Toronto. Would you care to give the committee your views, if you wish to advance them at the present time, as to the effect on down-town planning in Toronto along the lines you have in mind, slum clearance and the building of houses, of the proposed rapid transit in the city?

Mr. PIGOTT: Mr. Chairman, you understand that there is no committee or constituted appointed authority within the construction industry to meet as such with anybody as yet. We simply in this presentation are making recommendation to the government and as you will have noticed we have urged that

the proper study of the things that you mentioned should be prerequisite of any government assistance and when you set up a town-planning committee and have proceeded to study the layout of the municipality you have first of all to recognize the fact that there are certain things that are fixed: Railroads are fixed, this is fixed and that is fixed; these are immovable. Then there are any amount of buildings and areas that under certain circumstances might at great sacrifice be changed around. Then the third group are areas that are reclaimed for public purposes. Sometimes it is necessary to establish a park in the centre of a district where there is no play grounds or anything of that kind. The town-planning men and engineers deal with certain basic principles when they are talking of town planning and transportation is definitely one of the most important, the movement of people to and from the areas where they work and down in the shopping districts and so on, the proper district in which industry should be located, a suitable area not too far away where the houses of workmen could be placed until finally you get your districts where your public buildings and universities and things of that kind are located. I think it all really gets down to the fact in all of our larger cities at least it could be taken for granted that these things will be gone into. In your own particular city, Mr. MacNicol, you have a committee that is working on this at this very time.

Mr. MACNICOL: My question was has that committee been in consultation with your organization?

Mr. PIGOTT: Perhaps Mr. Nicholls, who is the president of the Toronto Builders' Association, could answer that more definitely than I can.

Mr. NICHOLLS: Mr. Chairman, I can answer that by saying that we have been approached by the Town-planning Board of the city of Toronto and have formed a committee of the Builders' Exchange. The members of this committee are also members of the Canadian Construction Association and are well conversant with the local affairs of the city of Toronto. Our committee is represented by Mr. E. Roxborough and Mr. Frank Flett. We have had several sessions with the Town-planning Board and are working along with them. We also sent a letter to the city of Toronto expressing our appreciation for what the Town-planning Board has done so far and asking whether they could see their way clear to appropriate much more money this year than they did last so they could do a much better job than they are doing now, and they could do it. At present 75 per cent of their help is part-time help of students during their holiday period.

Mr. MACNICOL: Your statement in reference to Toronto would apply just to the same extent to any other city, say Montreal. Mr. Pigott has given us a very interesting picture about the necessity or perhaps the consideration of some means of expropriation which would be fair all around to people who own down-town property. I have in mind, for instance, down-town Toronto. There would be hundreds of small parcels of land in the whole area which should be all cleared off in order to have either a park or a public building or something of that kind; that, of course, would require some competent authority to expropriate. We would not get very far with down-town Toronto or any other large city otherwise. Now, I would like to ask Mr. Pigott—he did very well—I would like to have him go over the situation and tell us how expropriation could be carried out which would be fair all around and which at the same time would not allow any individual owner of an individual property for sentimental or other reasons to hold his property from common use. I was wondering if you would care to just go into that a little.

Mr. PIGOTT: I can hardly answer that. I could only speculate as to what should be done, or as to how it should be done.

Mr. MACNICOL: Pardon me, you have been telling us what they are doing down in the States. That is what I had in mind more particularly.

Mr. PIGOTT: Yes, we have seen the main suggestion as it is being carried out. We have seen many examples during the course of the war, for instance, where the government wanted property or had to have property for purposes in connection with the war, and you have seen many examples where they were able to get property of that kind very quickly during the war period. Whether that would be simple or not, I do not know. But under the War Measures Act they can clear up great areas involving any number of homes and get possession in a matter of 48 hours. It is a question of adjusting values and prices later; and if it is not dealt with to the satisfaction of the owners then of course they have the right to take it further. But admittedly the question as to how it may be done in fairness to everybody is an involved question. I would imagine that such a board would have to have on it men who were competent to judge property values, and business men, men established in business, who would be related to things of that kind and whose judgment would appeal to the public, we will say, as being one that might be expected to be reasonable and fair. But as I say, how that would be set up, or how it would be done, is a matter of very important detail and I would not attempt to wade into it.

Mr. MACNICOL: But it is detail that should be gone into quite definitely.

The CHAIRMAN: Are there any other questions on housing? I do not want to close off the discussion but I just want to make this one suggestion: this is a very important brief and if we spend too great a length of time on housing—I suggest that we have a fairly comprehensive brief before us and that before we go into a too general discussion on one particular phase of it, we should get the details of the rest of the brief before us.

Mr. MACNICOL: Oh well, we are going to take all day on it anyway. Housing is one of the most important things in this whole brief. I have two questions which I would like to ask before I am through. There have been many articles in magazines in America advocating or detailing the advantages or presumed advantages of prefabricated houses, and I presume they mean steel or perhaps concrete. Now, I would like a little information as to the opinion of the Canadian Construction Association as to the value of prefabricated houses, either steel or concrete slabs—however they are made—or wood, in reducing the cost of houses; because that is one thing you have got to cut down on, you have got to get low cost housing.

Mr. PIGOTT: Well, of course, Mr. Chairman, the argument as to what we call prefabs has been going on for some years, and I suppose it will go on for a long time yet. The mental picture that one has of a factory turning out prefabricated houses with production line methods as they turn out cars does have an appeal to the imagination, and it always gets a fair amount of space in the press; but it has very definite limitations. But the promise of prefabricated housing has certainly not been borne out as yet. It is still the opinion of the authorities that you can build a better house for less money by the old method. And now, those who did embark on prefabricated houses in a large way, particularly in the States, found that while they were right in theory—that they could save a good deal of money by building houses in sections in the factory because the labour costs are so much lower and because they would have a permanent set-up of their machinery and so on—that that was quickly offset by the cost of distribution. The radius in which they could distribute that was pretty small. The moment they had to put it into cars they were in trouble. Nearly all of these companies shifted from prefabrication into a sort of semi-prefabrication; or what might better be described as a precision cut house, where the house is bundled up, as it were, packed and shipped in carload lots to be put

up in pieces. The experience in the United States during the last three years is probably after all the answer to this argument, and they spent a lot of money in trying to find a solution or a substitute for regular field construction, and it has been pretty thoroughly established now that an assembly plan on the site is so far the most economical way of building houses. They have found that in some cases because of special conditions prefabricated houses were cheaper than a custom-built house or precision-built houses, and in other cases it has been the other way around; but on the whole they will tell you that there is no cost advantage in the prefabricated house.

Mr. MACNICHOL: One other question, Mr. Chairman. Thank you, Mr. Pigott, for your very clear explanation. Earlier in his remarks Mr. Pigott mentioned the fact that much or at least a percentage, of the land in cities belonged to the municipality. As a matter of fact some of it always does; and that probably could be obtained at a low cost, or possibly as a gift to start the rebuilding of houses for working men. Have the association made any tabulation of the number of lots or acreages say in Toronto, Hamilton, Montreal, Ottawa or elsewhere of city-owned land?

Mr. PIGOTT: Not that I know of. When I mentioned city-owned property I did that in reference to European housing, where in almost all the large cities, the cities own and have owned for hundreds of years the adjoining areas. That is the custom with them. It is not, as you know, with us. But, answering your question, I am not aware that any inventory has been taken of available city-owned land.

Mr. JEAN: Do you think it would be a good thing to have that question studied?

Mr. PIGOTT: Yes.

Mr. McDONALD (*Pontiac*): May I ask one or two questions there, Mr. Chairman?

• The CHAIRMAN: Yes, Mr. McDonald.

Mr. McDONALD: Will the construction of public housing by the government interfere with house building such as has been done under the National Housing Act or under other plans for prospective home owners?

Mr. PIGOTT: Well, in the first place, in public housing there would still be an opportunity for investment through the purchase of bonds. There would be the same opportunity in the sale of land. There would be the employment of architects and contractors, and there would be the use of the same tradesmen and the same materials. The building that is done under mortgage conditions, such as the National Housing Act, which constitutes a substantial percentage of activity; public housing is not being thought of in relation to that. The public housing we are talking about relates to the people who are living in overcrowded conditions in obsolete housing. As you know, it is a long time now since people built houses; it has been many years since it has been feasible to build houses and rent them and get a return. The result of that is the people in non-owned housing form, as I have told you, at least 15 per cent of our urban population. Unless you have public housing—this I am submitting as my personal opinion—unless you have public housing you have to choose as the only alternative the continued occupation of old, broken down buildings and houses where already you have overcrowded and unsatisfactory conditions and rent beyond the ability of the people to pay. Now, if public housing does not take care of that, I do not know what will. In answer to your question I would say that since you would not have it unless it was done by the government, that it could not have any adverse effect on the housing that has been going on under loan conditions, but on the contrary might be calculated to stimulate that.

Mr. McDONALD: One other question: reference is made in the submission, in your brief in regard to housing, to the tying in of necessary municipal facilities; would you care to enlarge upon that?

Mr. PIGOTT: I seem to be doing all the talking here. Of course, the housing thing is quite an armful. What was meant by that is this: that the more modern or public—it would be fairer to say the popular view—say of a neighbourhood development which would include three or four or five hundred houses, could not possibly leave out the supply of suitable playgrounds and meeting houses, a community hall; or, as we know, we have got to have some sort of day nursery in operation—these things have become very important in the past few years—they would represent only a small fraction of the cost as regards capital cost or income, so far as revenue is concerned; but provision of proper facilities for community activity I think has got to be taken care of as a part of the piece.

Mr. PURDY: I suppose in your study of the various phases of the construction industry you have given some consideration to this thought: what feature of the construction industry offers the greatest opportunity for giving employment to the type of people who might possibly be preferred, housing or some other type of construction?

Mr. STIRLING: I think I will ask Mr. Rutley to answer that.

Mr. RUTLEY: In the statistics of construction a study was made in Canada and in the United States of the various types of work, and in these different indices you will find that for the different classes of work it shows the ratio of on-site workers, the men working on the project. The highest number of on-site workers is of course on the buildings; but they also take the highest grade of mechanics. I think these figures show the types of what we call engineering works; and that includes road construction and hydro electric construction and that sort of thing; that takes the greatest number of unskilled workers. Is that your question?

Mr. PURDY: That is what I wanted to know. I have one other question somewhat along the same lines but it includes housing. What is the view of your association on the question of centralization or decentralization in the post-war period to bring about a well-balanced and happy economy in this country? That I think is very closely linked up with housing under the construction industry. Which type of community would give us the best balance and happiest economy in the post-war period?

The WITNESS: I am afraid, sir, that is a question the answer to which would be very interesting but unfortunately it is outside the scope of our study. We hope that that will be taken care of in the social security studies that are being made along with these. I am afraid I am not prepared to answer, sir.

Mr. CASTLEDEN: I would like to hear something from these gentlemen on the matter of rural housing. Has any study been made of the cost of erecting suitable farm homes in rural areas in the different parts of Canada? For instance, how much would it cost to place a home similar to these \$3,000 or \$2,900 wartime housing units in the average rural community in Canada?

Mr. PIGOTT: Well, Mr. Chairman, in the portion of the brief which deals with housing—I refer to appendix 2, page 17, it reads:—

Any national housing plan cannot possibly ignore the housing conditions that exist on many of our farms. Farming has ceased to attract young people for some years, and farm production, in the minds of people who are qualified to express an opinion, is seriously threatened. Provincial Commissions would have to be established to pass on the ability of the farm to produce, and the ability of the farmer to pay. Some farms are owned; some are rented. Some are prosperous, with good housing, and need no help; some are not prosperous, and have bad

housing, and do need help. Here a plan will have to be worked out which will provide the necessary inducement to replace bad rural housing with good housing, without making this a burden on the good farmer. Some line will have to be drawn above which help cannot be given, and below which help, on a sliding scale, will be necessary.

That is as far as we were prepared to go on the question of housing. We thought that rural housing would have to have a place in any national housing plan, but you can realize that there are no two cases that would be exactly alike in farming. Any plan you might lay down would have to be based on the fact that some farmers are well off and do not need any help and a mile or two away is a farmer who probably should be well off and is not. It is difficult to see how you are going to handle the wide spread of worth and farm value and encouragement of production. I suppose you had reference to wartime housing.

Mr. CASTLEDEN: Wartime housing.

Mr. PIGOTT: It is, of course, always possible in the salvaging of those houses that good use could be made of some of these houses on farms. There is no question about that. Very good use could be made of them and they would no doubt make quite a good home. Whether that will be done is something which I am not prepared to say. I do not know.

Mr. CASTLEDEN: The question that I wanted to have answered was if we are going to attack this problem we should have some estimate of costs. I wanted something with which we could compare an actual operation. For instance, what would it cost to place a \$2,900 wartime house, new house, on a rural area in a rural community five miles from a centre? I wanted to know whether any study had been made by the members of this association on the matter of putting suitable farm houses in the average farm community.

The CHAIRMAN: It is the matter of cost he has in mind.

Mr. PIGOTT: No studies of that kind have been made by this association. Certain studies are being made now by others to ascertain the cost you are asking for but they are not available as yet.

Mr. JEAN: I have just one question to ask. Have you made a special study of some of the co-operative systems which are existing now? I know there are some in Montreal. If so, will it be advisable to introduce the building of new houses in co-operation as these other projects have already started out?

Mr. PIGOTT: In answer to your question I understand that the somewhat modest experiments that have been made along those lines in Quebec are working out very well. As far as I know the association has not formed any opinion in regard to them, but I think it goes without saying that any movement of that kind is worth while and should be encouraged.

The CHAIRMAN: Mr. Black?

Mr. BLACK: I should like to ask the members of this association if they have given study and come to conclusions with respect to the relative cost of building proper houses in the early post-war periods in relation to the cost prior to the war? It is the general view that the cost of labour and the cost of material have gone up and therefore the cost of building the same class of structure would consequently be higher in the post-war period than it has been heretofore. I should like to get a statement from the association with respect to that.

In the same connection I notice on page 8 they give an estimate of total gross construction volume per year in the post-war period and during the last war. Having regard to the statement I have already made as to the increased cost of wages, which most of us are in agreement with, I see the last figure there

for the last three years, the third, fourth and fifth post-war years, as to gross construction volume is \$800,000,000 with 767,000 persons employed. That only gives an average to skilled persons and others of \$1,043 per person.

Mr. MACNicol: There is material in it, too. Does that not include material, too?

Mr. BLACK: Yes, I think that would include material, and then there is overhead. Earlier in the brief the association submitted to us that in the cost of construction 25 per cent, if I remember the figures, was overhead. It would mean this would be reduced with respect to labour to 75 per cent of \$800,000,000 or \$600,000,000 which would reduce the figure I have already given of \$1,043 per person, and that figure prevails through the estimates in the prior years starting with \$300,000,000 and 287 persons, a little over \$1,000.

Perhaps at the same time the members of the association might advise whether they have given due consideration to the limits of the construction program with more than 700,000 men being restored from the fighting services, a million more from industry, and all the others who have been employed incidentally to the war activities. I should like to know on what basis they set \$800,000,000 as a maximum of the construction program in the several years subsequent to the war. With the need for construction in centres, housing and so on, and the vast expansion required in developing our natural resources, I am wondering if they have come to a settled, final conclusion that \$800,000,000 is the maximum expenditure that this committee can calculate as being available to re-establish these people subsequent to the war and have our business economy and activities brought up to the standard that we believe is necessary if we are going to have a contented population.

Mr. RUTLEY: Mr. Chairman, Mr. Black has asked quite a few questions. If I do not answer them all I hope that you will come back at me. I think the first question he asked was the relative cost of post-war and pre-war. Personally I am not in a position to tell you what the cost is going to be in the post-war period. We all know costs have gone up. Several studies have been made and it is estimated that costs have gone up 33 per cent during the war. After the war it is assumed a great number of materials which are difficult to procure now and are being used for war purposes will come down in cost more nearly to what they were prior to the war. I am afraid I could not give a definite statement as to how the comparison will be. I do not think there is any question though that post-war costs will not be as low as pre-war costs because I do not think our labour rates will ever come down to what they were then.

I believe the next question that you asked was quoting the average wages and salaries earned in the construction industry. Those figures are probably misleading unless you study the subject. The Dominion Bureau of Statistics took the wages that are earned by people making returns from the construction industry, and they have given us money earned per year by wage earners and money earned per year by salaried employees. They keep those separate. We have in the construction industry a great number of people that do not work the year around on construction. There are some sections of our community where there is very little construction work goes on in winter. These men in the past have been used to doing other kinds of work, a lot of it in the bush and in other places. Peculiarly the years 1937, 1938 and 1939 are more or less constant in volume and taking those years the earnings of a man following construction were about \$1,000 a year, but that is only a statistical figure and that is taking Canada as a whole. You will realize that a man in the city of Ottawa will earn a great deal more than that whereas in the outlying portions, especially where the weather is not conducive to winter construction on an economic rate, those men are in other classes of work.

Mr. BLACK: Of course, quite a percentage of those other classes of work comes into this \$800,000,000 as pointed out by Mr. MacNicol in the form of preparatory work in preparing material to go into the construction program.

Mr. RUTLEY: Nevertheless this \$1,000 is only for wages for a man on the construction project. It has nothing to do with materials.

Mr. BLACK: You say \$800,000,000 would be expended in a construction program in the last three years set out in your schedule, and it would appear to me—

Mr. RUTLEY: Oh, I was trying to answer the first question of the \$1,000 or \$1,010 yearly earnings.

Mr. BLACK: But \$800,000,000 is to give employment according to the schedule to 767,000 people?

Mr. RUTLEY: That is right.

Mr. BLACK: I presume that would be for the entire earning capacity of the 767,000 people directly and indirectly on the construction or preparing material in woods or factories?

Mr. RUTLEY: That is right.

Mr. BLACK: In order that this construction program could be carried out.

Mr. RUTLEY: In that \$800,000,000 gross construction value the number of wage earners that you might expect to work on the project is 307,000. The balance are salaried employees and men working in the factory. The best figures that we are able to get from studies made both in the United States and Canada are that for that volume there would be 767,000 people employed by the use of the construction dollar.

As to your question as to why we say the maximum in the third, fourth and fifth years is \$800,000,000, \$800,000,000 is a lot of money, and it has never been possible in the past to increase more than \$200,000,000 a year on construction. In other words, in the past we have never increased from one year to another at any time more than \$200,000,000, and we take that as being the maximum you would increase after the war. I do not think either that as far as the increase after the war is concerned, taking into account the mechanics and machinery that we will have available, that we will do much more than reach the \$200,000,000 increase in any one year until we get up where your maximum for the first five years is somewhere around \$800,000,000. After that it can be easily seen it could be increased. There is one thing that the association does not want to see and that is a tremendous increase in the construction industry and then have it go down to nothing like we had in the years 1929 to 1933.

Mr. JEAN: Do you include public construction in that \$800,000,000?

Mr. RUTLEY: All kinds of construction.

Mr. BLACK: There is just one further question I should like to ask the association. Have they given consideration to the position of the companies that have assumed responsibility in the past for carrying on construction? Most of us in the House of Commons are in sympathy with the pay as you go taxation budget proposals, but these individuals and companies have not been able to lay up reserves which would be available to carry on construction and make expenditures for construction. My question is whether this association has given due consideration to the position of the individuals and companies to whom we have to look to finance this construction program, having regard, from a financial standpoint, to the taxation up to 100 per cent of earnings which means they have not been able to make reserves for expansion in post-war years?

Mr. RUTLEY: I think that is answered in the brief by the suggestion that companies who have not the financial ability to meet the program which they would like to put into effect, and have a reasonable chance of making a success of their business, should have the opportunity of availing themselves of something in the nature of the Reconstruction Finance Corporation as a means of helping them. There are lots of small companies in Canada who, under the excess profits tax, cannot put aside any of their profits during this period to spend in post-war enlargement of their premises or the like. If those people have a good business we suggest that some form of finance corporation be set up to take care of their requirements. Does that answer the question?

Mr. BLACK: It partly answers it. It means that as a necessity these individuals and companies must depend upon outside financial help for expansion and for expenditure of moneys in order to give employment and to build up their capital equipment. It would have to come from outside financial help rather than from their own resources which means that the government must one way or the other assume responsibility for financing these undertakings to a greater extent than ever before.

The CHAIRMAN: Gentlemen, we agreed yesterday that we would adjourn at a quarter to 12 in order that the members could be properly fed before the big rush takes place. We also decided to meet again at 2 o'clock. Mr. Stirling suggests that 2.30 would suit them better than 2 o'clock but that 2 will be quite all right. Shall we make it 2.30?

Some Hon. MEMBERS: 2.30.

The CHAIRMAN: May I also add one personal remark? I sent around to your offices—I am speaking of the members of the committee—some summaries of evidence submitted last session and this session. I just want to point out it is not official. I had it done thinking it would help the members in going through the mass of evidence that has been presented to us. If there are any mistakes in it blame me personally. It is not official, not done by any research adviser nor has it any official attachment to it. I just want to see if it would help us in getting out our evidence.

The committee adjourned at 11.50 to meet at 2.30 o'clock this afternoon.

AFTERNOON SESSION

The Committee resumed at 2:30 o'clock p.m.

The Deputy Chairman, Mr. B. M. Hill, presided.

The DEPUTY CHAIRMAN: The Chairman has asked me to act for him temporarily. He is called away to an important meeting but will be back shortly.

And now, this brief which has been submitted, to my mind, is very valuable, and something that this committee has been looking forward to receiving for some time. The brief itself is very short, but attached to it are a number of tables and statements in the form of appendices which are very, very valuable; and I think it is I who started the questioning, and perhaps I started at the wrong end of this report, on housing. Nobody seemed to wish to say anything when the Chairman called for questions and I had housing very much in mind; that is the reason I started. I would suggest that at this meeting we start at the very beginning, the construction end of it and then maybe we will have time for further consideration of housing later on.

Mr. MACNICAL: I think we better finish housing first.

The DEPUTY CHAIRMAN: We might do that and then go on. Mr. Stirling would like to make a short statement before we start.

The WITNESS: Mr. Chairman, and Members of the Committee, this morning we had a number of very interesting questions which covered a fairly broad field in connection chiefly with housing, as you know. I thought, to save your own time and to save the time of everyone concerned, it might be more to our interests to try to confine our questions directly to the matter of construction. Now, the tendency is to get matters of law, or tariffs, or taxes, or immigration, or something like that. I am not speaking for some of the sections which have not been dealt with, but I would just like to say that we appear before you gentlemen as construction men primarily. We have ideas on these other matters but they are ideas as individuals and strictly as laymen. As construction men we feel we might be called experts. On other matters we have only our own ideas; and if we were to confine our questions to construction matters only, I think we would give you a much more intelligent report on the subject than on something that is probably outside of our field. Thank you, Mr. Chairman.

The DEPUTY CHAIRMAN: I think Mr. Stirling's remarks are very much to the point. There are a lot of other matters which all come into the different items brought up in this brief which could perhaps better be answered by outside people whom we call in at another time. And so, if you will try to confine your remarks to the important construction problems which they are capable of answering, as Mr. Stirling says, and on which they are experts, I think it will be very valuable. I also recognize the fact that we are bound to go outside to some extent to get information on these matters and expressions of opinion from these men, because their opinions are very valuable even on law and other outside matters.

By Mr. Jean:

Q. Has the construction industry been contemplating some scheme by itself outside of public and private projects which you have suggested in this brief; in other words, what will the construction industry be ready to do after the war by itself without involving help from other sources?—A. Yes, that was dealt with, Mr. Jean, in our remarks on the private industry. There is, as you know, and we probably all know, a tremendous backlog of private industry that will be coming on with building. There are enormous programs that are now contemplated by industrial concerns all over the country but which at the present time they are not willing to make public for reasons quite easy to appreciate; for instance, they do not know what is going to happen with respect to taxation, or what the labour supply will be, or materials—various things that they will require and matters of that kind. As to the construction industry by itself, I think you will understand that it does not really initiate these works, they come either from private or public sources.

Q. But you are contemplating to do something by yourselves?—A. You mean from private industry?

Q. Yes.—A. Yes.

Mr. Turgeon resumes the Chair.

By Mr. Quelch:

Q. There is a question which I would like to ask. On page 4 of the brief you state: "publicly financed construction should supplement private construction only in the event of the latter failing to provide the required amount of employment." What I am interested in is this: what would the association feel the desired level should be? That is, what would be the level between the production level and the employment provided by the production of capital

goods, the level of employment provided by the production of capital goods? I notice that the National Resources Planning Board in the United States issued a pamphlet entitled "After the War, Full Employment". It states there, in order to maintain the national income level 20 per cent of that national income will have to be expended in order to provide employment—. I am referring to this, because I want to refer to page 12 of your brief on which you evaluate what your production program might be. Dr. Cyril James speaking to the Senate on March 31st went into great detail on this question, and I would like to quote what he says, on the basis of the capital studies that have been made in the United States and elsewhere:—

It would seem that the maintenance of full employment and reasonable prosperity demands that the community invest approximately 20 per cent of the total national income in capital goods of one kind or another.

and then a little further down he goes on to say:—

Whenever a capital formation falls below that 20 per cent, we have in the past always had depression and unemployment; when it rises above that percentage we have rising prices, prosperity and total employment. Therefore, so far as one can judge, the task of maintaining full employment is pretty closely associated with the task of maintaining a gross capital formation in Canada of one-fifth of the national income.

Then, he defines gross capital as follows:—

Gross capital formation is the total money spent by the government on construction projects and by business enterprise on construction projects and equipment and additional inventory.

Then, in regard to the post-war period he states:—

For the purposes of most of our calculations we have estimated that the average national income of Canada after the war ought to be \$7,500,000,000. That is about 10 per cent less than our present national income but pretty nearly twice the national income before the war. On that basis as an arbitrary it would mean that \$1,500,000,000 each year would need to be spent on buildings, on new equipment, new roads and some inventory by all the governments of Canada, plus all the business enterprises.

On page 12 of your brief you state:

At the estimated capacity rate of construction activity, namely \$500,000,000, for the first post-war year, \$650,000,000 for the second year, \$800,000,000 for the third and succeeding years, and assuming current needs for new construction will continue at the prewar average gross volume of \$461,000,000 a year, it should take some ten years for \$3,000,000,000 of backlog to be satisfied.

And now, that figure of \$800,000,000 which you indicate there as a fair value of the potential business development does not seem to compare very appreciably with the standard set by the Natural Resources Board to which I referred; 20 per cent of the national income. What would be the main obstacles to expanding that \$800,000,000 up to the \$1,500,000,000 or even up as far as \$2,000,000,000?—A. As far as expansion is concerned from the present rate—we will say that the present rate this year is \$400,000,000 or a little over—as far as that rate of expansion is concerned, I think we explained this morning that at no time in the past has the construction industry been able to expand at a rate of more than \$150,000,000 to \$200,000,000 per year. That is to say, your materials do not become available, your men do not become available. So that starting at the initial rate of \$750,000,000 the first post-war year and

rising to \$800,000,000 you are actually coming up to the limit of the capacity of the industry; that is, both in materials and men available. Then, the \$1,500,000,000 which you mentioned as being 20 per cent of the national income, that is the residue of the national income, that includes a great deal more contemplated investment besides the construction field; that is to say, the \$800,000,000 that we contemplate is only a part of that; there is equipment, there is other public investment outside of the construction field entirely.

Mr. HILL: You do not include in that repair and renovation and that sort of thing?

The WITNESS: Yes, sir.

Mr. HILL: In this \$800,000,000?

The WITNESS: Yes.

Mr. HILL: Repair to houses too?

The WITNESS: Everything that is included in the Dominion Bureau of Statistics Report.

Mr. HILL: Is it possible that with our present national income we have been spending 20 per cent, as Dr. James says, in construction; I do not think that is correct at all?

The WITNESS: No, sir; that is Professor Hanson's theory.

By Mr. Quelch:

Q. That is the statement of the National Planning Board in the United States also. Whilst it may be true that to-day we are spending \$400,000,000 only, nevertheless we are spending millions and millions of dollars in the production of supplies of materials and equipment for the army and related services and in reality they are production goods—guns, airplanes, and all that sort of equipment needed for carrying on the war are production goods. That is, in reality they are capital goods, although they are consumed in carrying out the war. Now, we are in reality creating capital goods for the purpose of carrying on the war to the extent of billions of dollars annually; in the production of capital goods. In the light of that fact, I for one fail to see why we cannot just as well carry on an even greater production of capital goods after the war?—A. Perhaps I have not made myself clear. While it is true that we are spending vast sums of money on the production of capital goods, that to which I had reference relates directly to the production of the construction industry itself. What we had reference to there in respect to the \$800,000,000 was the portion out of the total expenditure which would relate directly to our industry; for instance, if your total production was capable of reaching \$1,500,000,000, as we see it, the construction industry would be able to take care of \$800,000,000 of the total amount. The rest of it would go to production of other types—furnishings, equipment, and so on.

Mr. HILL: Automobiles, farm machinery and the like?

The WITNESS: Yes, all capital expenditures; we are taking in \$800,000,000 for the construction industry alone.

By Mr. Quelch:

Q. That includes equipment too, does it not? You say here, equipment is only 10 per cent of the construction total?—A. That is right.

Q. That would bring it up; what would you say the other main items would be?—A. Practically all capital goods—investments, automobiles,—

Q. Transportation?—A. Rolling stock for the railways—they contract for other capital goods—equipment—anything you can conceive.

Q. If you could increase your men and your equipment then you could further expand your construction?—A. To the extent that you could get the materials and the personnel to operate your program, yes.

Q. Then there would be really no limit to the expansion of your construction industry to \$1,500,000,000, if you could acquire an expanding amount of equipment— A. Equipment, men and materials.

Q. And one of our main problems is the providing of employment; and if industry were to maintain employment there should be no difficulty in getting labour, there would be any amount of labour available, and there would be a steadily increasing amount of equipment; you could expand your construction considerably in excess of \$800,000,000 over a period of years—you have here, the third year and succeeding years—it is all a question of labour, materials and equipment, is it not?—A. The question is a broad one, sir. It involves the training of personnel. You can't just throw men into industry and expect them to produce things at the cost at which you expect to buy them. It involves apprenticeship training and all sorts of things like that.

Q. But we have been able to train them very rapidly during the war, have we not?—A. Yes.

Q. We are taking on entirely green hands and putting them into factories and having them do the work in a very few months.

By Mr. Ross (Calgary East):

Q. What about the preparation of a comprehensive, authoritative listing of all the potential post-war projects and sorting them out in order of merit?—A. The answer to that is that at the present time there are a number of organizations—I do not know that the Dominion has an organization at the present time, but I do know that practically each of the provinces has its own organization and many of the municipalities have organizations which are preparing and bringing in lists of their projects. Some of these are pet projects that have been on the map for a long time, and some of them even include some old projects which have been discarded. It was the thought that all this material should be consolidated and handed over possibly to your Dominion Department of Public Works or other authorities set up with proper and competent staffs and they would have these all sorted out and list them.

Mr. BENCE: And I notice that in this report you suggest that such a board be set up.

By Mr. MacNicol:

Q. I want to again refer to housing and ask a question or two: your brief refers to the building of 300,000 houses; I suppose that contemplates a house that would cost on the average of about \$3,000, and that would mean the spending of \$900,000,000 over a period of—did you say ten years?—A. A five-year period. You will find that at the top of page 10.

Q. That would be \$180,000,000 a year?—A. Yes, sir.

Q. Well, referring to the table of figures on page 8, the \$800,000,000 of construction would apply approximately 800,000 persons—it says here, 767,000 persons, but for quick figures we can take approximately 800,000—that would mean that the construction of 300,000 houses over a period of five years would provide employment to 180,000 men, or women, as the case may be, per year. That is something concrete. What we want to get at is concrete figures. In other words, a housing program of this magnitude would supply employment of approximately 180,000 a year.

The CHAIRMAN: Any further questions?

Mr. MACNICOL: Just one further thing: in your tabulations did you take into consideration the changing of many many large residences in Toronto and

elsewhere in other cities into duplexes, triplexes or four-family houses? We recently had the Mayor of Toronto here, Dr. Fred J. Conboy, and my memory is that he said—it is only memory and I may be wrong—that there were perhaps 250 to 500 large houses in Toronto that could be turned into multiple family houses. Has that Toronto program been taken into consideration in your estimates?

Mr. PIGOTT: Any housing that would accommodate a family would be a part of the 300,000 homes. It would be included. In other words, if the conversion of large houses would furnish family dwelling units, we will say, to the extent of 50,000 over the over-all picture then there would be 250,000 left. It is included. It is backed up from the number of families that we estimate can be accommodated.

Mr. MACNICOL: I think that is all I have to say, Mr. Chairman. The concrete fact is that this program in housing would provide approximately 180,000 people with employment.

Mr. BERTRAND: Mr. Chairman, in the view expressed as to the building of some 300,000 homes for the low income families throughout Canada, was there a survey made of the different parts of the dominion where they would best serve the population? We have been speaking a lot of Toronto. What about Montreal and other centres? I am not from the province of Quebec.

Mr. DUPUIS: Look through the windows on the other side of the river.

Mr. BERTRAND: It is just to get an idea of what survey has been made by your organization.

Mr. PIGOTT: The detail of the housing program that may be adopted by this or any government has not been brought down to any geographical division or anything of that kind. The moment that a policy is laid down it then becomes important very quickly to get your blueprints out for all sections where relief is required. That will run all the way from large cities where you have slum clearance and town planning involved to smaller towns, and then to the farms that we were talking about. As far as I know the actual budgeting, we will say, for cities like Montreal, Toronto, London, Hamilton, has not been attempted. It undoubtedly would be a precedent to an actual start in anything of that kind.

Mr. McDONALD (*Pontiac*): Just on what are these figures based, this 300,000? Where is the information derived? How did you arrive at the figure of about 300,000?

Mr. PIGOTT: The figure of 300,000 is taken from a report prepared by War-time Housing for the government: It was based on surveys of practically every city in Canada and town of any importance.

Mr. DUPUIS: They must have details then.

Mr. BENCE: Has that not been referred to on page 12 in connection with appendix 8? The last item of appendix 8 which is referred to on page 12 contains various expenditures for the different provinces which was compiled as the result of information given by the Daily Commercial News and the Canada Cement Company, and others, I presume. I would imagine from that they must have some rough idea, at least, as to where this housing is to take place. Otherwise they could not have come to a conclusion on it.

Mr. PIGOTT: There are a number of different methods of trying to measure the housing required, none of which would allow for the counting of noses or a street by street examination. There is the approach which is usually made of taking the normal provision of housing in a normal year, comparing one country with another and a calculation is sometimes made to see what the lag is in that. Then, to that is added the increase in population and the number of

overhanging obsolete houses that should have been removed, and so on. There are a number of approaches to this question but none of them would be in such detail as to show how many houses are needed in a given city.

Mr. HILL: On page 36 you have given details of the housing by provinces.

Mr. BERTRAND: I suppose then the best estimate we can count on is not so much one prepared by the Department of Munitions and Supply in time of war because it could not apply to our country in normal times, but your estimate would be more likely prepared on the increased population of our different centres in normal times and the amount of slums that would occur in our country compared with European countries; probably that would be the basis of your estimate of 300,000 homes. I would even prefer that estimate.

Mr. PIGOTT: If you will give me a few moments I will give you that part of the report that deals with that.

The CHAIRMAN: Do you wish to leave that question in abeyance and ask some other questions while Mr. Pigott looks that up? The only trouble is the next question may require an answer from Mr. Pigott also. However, we will do that.

Mr. DUPUIS: I wonder if these gentlemen have in their project plans for the type of house they intend to build after the war. I think that perhaps it is appropriate in a way to put on record that the type of building that should be encouraged is not the type that is encouraged now, a small house of four rooms. It is no good for those who want to increase the population of this country. I have great respect for people who come from other lands to give their talents and their labour for the upbuilding of this country. I grant them my greatest respect. I could point out many of them even among our members, but I think the normal way of increasing population is by birth. They assimilate much better the conditions of this country when they are brought up here. Birth is an accident of nature.

Mr. MACNICOL: How many rooms would you like to have in a house?

Mr. DUPUIS: Coming to the serious side of the question it is very important that after the war in the plans and specifications for the rebuilding of slums there should be all sizes of houses to accommodate families as God made them understand to build their families. If a man likes to have only two children, or no children and a dog, it is his business, but for the man who wants to have twelve children give him space to bring them up in a hygienic way and educate them according to their due aspirations for the future.

Mr. Ross (*Calgary*): In the brief you refer to public works programs.

The CHAIRMAN: Are we through with housing? The question which is being looked up related to housing, did it not? When we leave housing and go to something else I would like to feel that we are through with housing unless something special should arise. Would we be through with housing if Mr. Ross goes on subject to the answer to Mr. Bertrand's question? All right, Mr. Ross.

Mr. Ross (*Calgary*): In the brief you referred to a public works program. Just what do you mean by that expression? It is used in different places.

The WITNESS: I think page 4 and page 5 covers that. A public works program is simply a program of works instituted by the dominion government or what you might call public investment. I think it is fairly self explanatory. It is as opposed to investment by private capital.

Mr. HILL: You mean an increase in the public works program over and above the normal yearly expansion?

The WITNESS: Yes.

Mr. HILL: That has never been very successful in relieving unemployment. It helps.

The WITNESS: I should like to ask Mr. Frid, who is our labour employment expert, to answer that.

Mr. FRID: In reply to that question we might go back perhaps a few years. I can remember back in 1931 and 1932 when the construction industry program in Canada dropped, as you remember, to about \$70,000,000. This gentleman was just talking a few minutes ago in regard to this billion and a half dollars for the future. In 1932 the consequence was that we had great unemployment. As you remember, too, at that particular time men in our industry felt something should be done to stimulate employment. I can remember there are some gentlemen here who appeared along with myself in a delegation to Ottawa. Mr. Bennett was Prime Minister. We got him to agree that employment might be stimulated with some public works program. You may remember that the federal government at that time spent \$17,000,000 or \$20,000,000. They built public buildings throughout Canada and it was a stimulant. I remember particularly in our town we had 5,000 families on relief, or more. I think it ran at one time up to nearly 9,000 families. The state of affairs was very desperate. When this public works program started in our neck of the woods people took new life. It is a good thing to go down the street and see a building or construction operation under way. It gives a fellow a little more confidence in his town and perhaps in his country, too.

Mr. HILL: Would you not say if the government departed somewhat from what has always been considered normal public works for a government to perform into the development of our national resources to a far greater extent that it would be a real stimulation to employment?

Mr. FRID: There is no doubt of that. We are not, of course, undertaking to say much about that in our brief, but we are saying that there are certain public works that could be done. We might go a little ways away from federal public works and go into municipalities. I think we all feel that in our own particular cities or towns they all have works they have neglected for years that they want to go on with. That also applies to the provinces. Provinces have works such as highways, bridges and tunnels under railroad crossings, things that should be gone on with. As we say in our brief we feel that the stimulation should be to provide construction, that this should be a backlog to keep up our normal employment.

Mr. HILL: Take up slack.

Mr. FRID: Keep up our normal employment, but while I am on my feet I want to point out again that we go back to our building program in Canada in 1932 when it dropped down to \$70,000,000. In 1929 I do not know just what the Dominion Bureau of Statistics' report would be on that, but according to MacLean's report—that was a very prosperous year for Canada when employment was plentiful—we had a program in Canada of \$560,000,000. I suppose if that was the Dominion Bureau of Statistics it might run up to \$800,000,000 in that period. That was a very prosperous year. Therefore, we in the construction industry feel that if we ever get to an \$800,000,000 program in Canada, even post-war, we would have a very prosperous Canada.

Mr. QUELCH: On the other hand, the national income in 1929 was what: \$5,000,000,000, was it not?

Mr. FRID: I could not tell that.

Mr. QUELCH: Today we are talking of a national income in the neighbourhood of \$7,500,000,000 which is considerably higher than even 1929. Mr. Howe, speaking only the other day, intimated that it might be possible to maintain the national income at \$9,000,000,000. I put it down at a conservative figure of \$7,500,000,000, which is still $2\frac{1}{2}$ billion higher than 1929. If we are going

to maintain national income at \$7,500,000,000 we will have to go beyond the 1929 figure, because there were many low incomes even in 1929. The country may have been prosperous, but there were many low incomes.

Mr. FRID: Wages in the construction industry were as high as at any time. I might just say again, as Mr. Stirling has said, getting into capital goods purchased dealing with construction alone in 1929 we had as far as the construction industry was concerned, investment in construction, one of the most prosperous years in our history. All our men that work in industry were working. We figure that with the supply of mechanics and men in camp to-day, even taking in all the upgrading of a lot of men that we will have to do when the war is over, some of our armed forces, and so on, and getting into our apprenticeship training for the next ten years, that we will eventually be able to take care of a construction program of \$800,000,000, which is a big program for our industry alone.

Mr. QUELCH: When you use the term "Public Projects" do you differentiate between publicly financed and publicly operated projects? Do you class them all as one, or do you mean two different things?

Mr. STIRLING: What do you mean by publicly operated?

Mr. QUELCH: In the brief there is reference to road programs and they have a man running it who is a foreman; another concern will have a financial project.

Mr. STIRLING: Do you mean as regards maintenance work?

Mr. QUELCH: In building the road.

Mr. STIRLING: That is public works.

Mr. QUELCH: In one case it may be publicly financed and you may hire a certain firm to do it, and in another case you may go out and appoint a foreman and he goes around the country.

Mr. STIRLING: That is public works.

Mr. HILL: Departmental work as opposed to contract work.

Mr. STIRLING: Yes.

Mr. QUELCH: I wondered if you take the stand that you are not so much opposed to public financed project and a departmental program?

Mr. STIRLING: No, sir; the whole thing is public work in our meaning.

Mr. MACNICOL: I shall refer to pages 4 and 5 which can be taken in at the same time. On page 4 there is a paragraph headed "Immediate Start on Planning Imperative." I am convinced that that is one thing that this committee should make a very strong recommendation about in its report. I know that you are aware of a very large project in which certain engineers who had been released from the army are now engaged. The public are not aware of it, and I cannot tell the project. I am aware of the same project. However, this is well set out here: "Even though construction projects in such a reconstruction program may not be needed for providing employment until well along in the future, much time is required for expropriation of lands at sites, negotiations in connection with purchase of property, materials, machinery and equipment, and for designs, final estimates, and lastly financing."

There are many competent architects, engineers and departmental staffs presently short of works who should be utilized now for such planning and design. Not to utilize such skills at a time when there is so much to be done is shortsighted indeed."

Now, I agree with that statement 100 per cent. Knowing what is known, then I recommend that when we come to draw up our report we take that very good paragraph right into the report. These engineers, architects, whose services could be used to make prior plans and specifications, should be doing

that now, even if that is not known publicly. In that regard I will ask one question: I do not know whether you have engineers or not, but supposing that the Ontario government and the Federal government undertook to flood-proof the Thames river the same as was done on the Grand river—your whole organization is thoroughly familiar with what was done on the Grand river, the amount of money that was spent on the Shand dam and all the particulars about it—now, how long would it take now to prepare plans and specifications, blueprints and details, all the engineering details, which would be very great, for dams, the removal of railways and so forth, if the Thames river is to be flood-proofed as it should be and must be? How long would it take, in your judgment, after the details are all ready and the plans submitted to the contractors—how long would it take those contractors to estimate a figure and submit tenders for the works required to flood-proof the Thames river or any other river for that matter? Knowing the Thames as I do I have referred to it. What I want is an idea how soon after this war we can get people to work?

Mr. STIRLING: Mr. MacNicol, there are two answers to our question. The first is that I know that studies have been made with regard not only to the Grand river which resulted in that Shand development—

Mr. MACNICOL: That was the Grand river; I am referring to the Thames river.

Mr. STIRLING: Studies have been made of several rivers—I am thinking now of the Ganaraska river that runs through Port Hope. Those studies took from a year to eighteen months to carry out and bring to the stage of calling for tenders. It takes the contractor from three to six weeks to prepare a tender and it will take him another three weeks getting his plant on the job ready to go to work.

Mr. MACNICOL: In your judgment as regards these engineers, architects and competent authorities who are now more or less unemployed or who have not much to do, it would be good business to put them to work now getting those details?

Mr. STIRLING: There is nothing more important in this report than that statement of yours.

Mr. BERTRAND: May I ask the witness what authority would put those men to work?

Mr. STIRLING: Now, you are talking about something that is beyond me. I imagine the Dominion Government in collaboration with the provincial authorities and possibly the municipal governments would operate in a case of that kind. As you know, the Shand dam involved the three authorities.

Mr. BERTRAND: I would not like to quarrel over any submission or any project, and just exactly what is involved, but in this paragraph, when I heard it read, I jotted down a few notes, one of which I will read here:

There are many competent architects, engineers and departmental staffs presently short of work who could and should be utilized now for such planning and design.

Is your organization really serious in making this declaration, that these competent men are not being used at the moment?

Mr. STIRLING: I am serious about that, Mr. Bertrand, for this reason: Some day there is going to be a large lay-off of employees in munition factories; some day, perhaps not very far away, we are going to have a large number of men come back from overseas; some day the Home Guard is going to be demobilized; and these men are all going to want work and there is going to be a sudden cry, "Where are the plans and specifications?" I say it is nothing

short of criminal to allow these men to be unemployed around the country; they need the work, and they are the only people who can prepare the material to start up employment.

Mr. BERTRAND: May I proceed one step further with my question? You claim that these staffs are definitely short of work?

Mr. STIRLING: Yes, sir. I am not referring to any staff; I am referring to engineer personnel.

Mr. BERTRAND: Now, I shall read this sentence over again:

There are many competent architects, engineers and departmental staffs presently short of work—

Mr. STIRLING: That is right, sir.

Mr. BERTRAND:

—who could and should be utilized now for such planning and design.

Mr. STIRLING: That is the information this association has.

Mr. HILL: The Transport Department has just laid off two engineers in my constituency.

Mr. BERTRAND: I know of a construction firm which at the present time is inquiring for a qualified engineer and has not been able to find one. Now, would your organization on its responsibility submit to us, probably through some governmental authority, a list of those men who are really unemployed?

Mr. STIRLING: The list is available, sir, in the Wartime Bureau of Technical Personnel who handle all the technical personnel for the Dominion government. I imagine you are familiar with it. They have lists. They have the life history of practically all these men. Does that answer your question?

Mr. BERTRAND: Yes.

Mr. MACNICOL: I would say that our own Department of Public Works at Ottawa is a good department possessing competent officials and splendid engineers and high-class architects. I do not see how they can be working one hundred per cent now when the Department of Public Works, as every one knows, has not had very much money voted for construction work. I would imagine that these men would be free to do that work.

Mr. BERTRAND: Who are they?

Mr. MACNICOL: They are Dominion government officials and Ontario government officials. They are engineers. The Dominion government has engineers at London, Ontario. I am not sure whether they have any at Chatham or Windsor, but they have them scattered here and there, and these men are all very anxious to assist wherever they can. I am sure if the Department of Public Works asked them to go ahead and prepare plans and specifications for the flood-proofing of the Thames river or any other river for that matter—in Quebec there is the Champlain river which overflows and should be flood-proofed too—there are other rivers in the province of Quebec and in Ontario, but I am mentioning the Thames river particularly—I am sure that our own departmental engineers would like to take on the task of preparing these plans and specifications.

Mr. BERTRAND: Now, I am going to take a very severe objection with regard to this matter and I will tell you why. In the eastern Ottawa district, in the Ottawa Valley district and in a certain portion of Quebec where there were in the Department of Public Works five or six or eight engineers there is only one now and he is the head in the office, and if you try to communicate with Mr. Bisson, who is the head at the present time, he will tell you that unless he remains in the office there is nobody else there, he has not got the men to take

care of the public works that should be attended to, in so far as public works are concerned at the present time, because he is short of help. So this is a disturbing sentence which I find in your submission.

Mr. BENCE: It is a very accurate one.

Mr. BERTRAND: It may be, but I would like to know who these people are.

Mr. BENCE: I could tell you of some architects.

Mr. BERTRAND: There may be an architect or so who is out of a job; but to answer the statement of Mr. MacNicol that the department, the Federal department should undertake something like this, I do not know who would do it. I do not want to contradict you because you know how friendly we all are, but I do not know where they are going to come from, and that is the whole point. This is one of the things that the people of Canada will look forward to in the matter of a building and construction program.

Mr. MACNICOL: I am not going to ask the chairman to reveal the source of his information, but I would ask what experience he had recently.

The CHAIRMAN: I know what you mean, but the statement we are discussing at the moment is a definite statement made by the witness before us representing the Canadian Construction Association; and while I do not want to stop discussion on the matter because possibly it is the most important statement in the book—certainly one of the most important statements in the book, though not nearly so important perhaps as one would think—the whole statement calls for the carrying out of certain works, housing and other projects, and a good many of the projects require engineers. Now, there is the general feeling that so long as engineers and technical men of that nature are required for purposes of war post-war matters must wait; but this statement shows that there has now become available a number of engineers and architects whose services could be employed in the preparation and making of plans for post-war work. Some may feel that the statement is exaggerated; some may feel that the statement is not in the least exaggerated; but the statement is there, made by the Canadian Construction Association, and the President of the Association in answer to your question, Mr. Bertrand, has just quoted the Bureau of Technical Personnel—I am not sure that that is the correct term—as the body responsible for the statement made here that there are available now certain engineers and architects and other technical men.

Mr. BERTRAND: That is too easy a slipping away.

The CHAIRMAN: I am not slipping away. I am saying that the statement is. We can argue about the truth of it all day without reaching any conclusion, or, if we want to, we could bring in somebody from the Bureau of Technical Personnel and ask them questions. However, the witness has made the statement and anybody has a right to express doubt as to the accuracy of the statement, but we cannot prove it or disprove it by argument.

Mr. BERTRAND: My question was simply that time be allotted to somebody, whoever is responsible for the statement, to supply a list of the names of those competent engineers or architects or staffs presently out of work.

Mr. HILL: Mr. Chairman, the Department of Transport in the last two and a half years has spent almost \$2,000,000,000 in the construction in this country of airports and buildings at airports and buildings for the expansion of the production of munitions and all that sort of thing, shipyards and so forth, and that has all come to an end. There is very little expansion going on to-day in those fields. They had the whole staff of the Public Works in the Province of New Brunswick engaged in that. They have done nothing in the Province of New Brunswick this year. These men are being kept on in the way of maintenance. I am sure, however, that they realize to-day—and the same thing must hold true over the

whole country, because actual construction has gone down to almost nothing—they had the architects from the Public Works Department here working on those things—all those buildings that were put up for munitions plants and filling plants—there is no such building construction going on to-day as there was a few years ago.

Mr. MACNICOL: There is some.

Mr. HILL: Yes. But they cannot possibly need all of those men. They are filling in. There is not one-tenth of the work being done that there was in 1941 and 1942.

Mr. STIRLING: I can see that Mr. Bertrand is not satisfied with my statement, and I should like to satisfy him. In the year 1941 the volume of construction was somewhat over \$640,000,000; this year, 1943, it will amount to slightly over \$400,000,000. Obviously, as Mr. Hill has just said, there must be a great contraction in the number of the engineer forces handling that work. The Army, the Navy and the Air Force have practically completed their construction program, and there is very little going on. They had a very large staff everywhere from Newfoundland to Alaska. I am not speaking of Ottawa East now, sir, because I do not know that constituency, but I do know that in Montreal—my friend Mr. Rutley here tells me that he has twenty or thirty applications every week from competent men that he is sorry to say he cannot give jobs to. Every day across my desk come applications from engineers and architects wanting technical positions which I am unable to satisfy. Finally, I drafted the standard letter: "We are sorry but we have to look after our old staff first, and at the present time we are trying to find places for our own men." I am sure that that condition applies throughout Canada; otherwise, we would never have made a statement such as this.

Mr. McDONALD (*Pontiac*): In connection with the matter we are discussing, leaving aside the availability of engineers, and taking as an instance the Thames River project, I would ask this question: Who is going to request any organized body of engineers, architects or otherwise to prepare these plans? This project, if I am correct, is purely a provincial matter. Am I right?

Mr. MACNICOL: Yes.

Mr. McDONALD (*Pontiac*): In the intervening time, unless we have an arrangement with the municipality, the provincial governments or the dominion government, how are you going to make any progress? That is the question that comes to my mind in all these transactions.

Mr. MACNICOL: It is a real good question and I agree with you. The time has come, Mr. Chairman, when someone must come forward and give us an estimate of the cost for any of these works; the division of the costs and the responsibility for the costs on any of the works, whether it be on a provincial or a national reconstruction program—the Thames River project is one, and that would be comparable with the Grand River project. I brought that up in the House of Commons a long time before it was started; I mean, the Grand River; I brought that up a year or two before the committee was set up in connection with that problem. I might say that I suggested to the House of Commons that we follow the same program that is followed in the United States whereby the federal government would share $37\frac{1}{2}$ per cent of a project, that any provincial government would assume $37\frac{1}{2}$ per cent, and the balance of 25 per cent be assumed by the municipalities benefited. I agree that the time has come when some program for a reasonable allocation of costs should be worked out.

The CHAIRMAN: Mr. McDonald, your question is an excellent one but I do not think the witness is in a position to answer it.

Mr. McDONALD (*Pontiac*): I want to submit it to the committee.

The CHAIRMAN: Only the various governments or this committee can answer that. I do not think the witnesses could answer it. However, it is a proper question.

Mr. MACNICOL: Yes, it is a first-class question.

Mr. FRID: Just on this point, Mr. Chairman, possibly I might refer to the good old days when we used to have to go to the government and ask them to make funds available to the municipalities and the provincial governments in connection with work. I do not know whether that is going to be done this time again or not. There is one point in our brief, on page 6, at which we deal with this program. Mr. Stirling and some of the rest of us talked that over and Mr. Mero was going to present our ideas in connection with carrying this into effect.

The CHAIRMAN: Before we go into that, Mr. Bertrand I think had a question in relation to some matter which he wanted to ask.

An HON. MEMBER: He has left the room for the moment, Mr. Chairman.

Mr. MERO: Mr. Chairman and gentlemen, I have listened very attentively to all the questions and answers since we arrived here this morning, and the questions have all been very good indeed. As I said at the beginning I have been greatly impressed with them and I think it is very important that we of the construction industry and this committee do something to get plans and specifications started on this all-important work. And so if you turn to page 6 of the brief, you will find there the necessity of taking steps now to put all the elements into balance, and the suggestion of the formation of a committee or board to attack this thing in a vigorous and practical manner. If the government should consider the setting up of such a commission or board and maintaining a special construction department headed by some group of nationally-known construction men, architects and engineers plus sound planning personnel, a permanent staff could operate under its direction. The federal government through such a commission or board could examine and pass on the various public construction projects which are proposed, rating them in order of priority and later relating them to proposed private construction, and to reconversion and demobilization plans, timing their start and progress, accelerating or retarding them as the need arises in each region. That is the crux of the whole problem that the Canadian Construction Association is putting before your committee here today. And now, the proper way of tackling that, to my mind, is for such a board to be set up, and when that board is set up please see to it that construction men of ability are placed on that board; because after all you will have there the necessary material to give your commission the proper type of guidance. Plans and specifications, as Mr. MacNicol and some others have said, should be prepared now. As a matter of fact, we are a year late in our preparations.

Mr. HILL: Absolutely.

Mr. MERO: In this sense, tomorrow the gong may sound ending hostilities, and we certainly don't want a thing like that to happen and have no plans for building or anything ready to try to get these men back to work; and these men returning to Canada are going to want to go to work; they are going to demand work, and I would not blame them. And I think that Mr. MacNicol or any other person sitting in this room would not blame them if they would be a little out of humour; and I will guarantee you that they are going to be out of humour. Plans and specifications should be prepared; if we are not ready to start today we should start tomorrow; starting the preparation of plans, and more particularly about the general plans for the operation of this thing for the general good of Canada and the boys who are coming back.

Mr. BENTALL: I might say for your information, gentlemen, that Alderman Miller of the city of Vancouver told me that they had instructed their engineering staff to work out an estimate of their post-war projects, and they are doing that right now.

Mr. MACNICOL: I just wanted to ask one or two other questions in that regard. Now, on page 5, under the heading of public financed construction, you refer among other things to water; may I ask if your organization has at any time given consideration to the supply of ample water to the cities of Moose Jaw and Regina; I mean, from the economic point of view?

The WITNESS: I am afraid sir, that again that is outside the scope of this association. We are supposed to be construction men, not designers; also, that is a matter which involves policy, a thing which we do not touch. If the project comes on, as matter of fact, we will be delighted to build it.

By Mr. Purdy:

Q. Under that heading, types of publicly financed construction, you have a number of various types of construction listed there. Is that list intended to indicate your appreciation of the relative importance of the several different types of projects? Reconversion seems to be pretty well down on the list. I was wondering if that was intended to indicate your appreciation of the relative priority of these several types of projects?—A. I think in another part of our brief we do state that we do not think that priorities as we know them in wartime should be carried on with respect to this construction in the post-war period. What we do say, as to priorities in connection with municipal or provincial government work—that again referring to what Mr. Mero has just said—if there were a proper commission or department of the federal government set up in connection with this work these projects would be subject naturally war period. What we do say, as to priorities in connection with municipal or to go ahead with these projects would again come before such a committee for their approval. Naturally, that committee which will be composed, we suppose, of men interested in the general development of the country, such as our natural resources and so on, would be interested in that subject and they would I imagine place their approval on the project in the order of importance that they are to the community in which they are going to be built; and I guess perhaps we all did that in 1936 and 1937; the provinces came to the late Hon. Norman Rogers; and as you know, grants were made by that department at that time for works, and those grants were made on projects that would be of some help or use in the community in which they were built; and now I imagine any set-up that would be made to-day that same provision would apply.

An Hon. MEMBER: And perhaps the one who made the most noise would get the best service.

The CHAIRMAN: Are there any further questions, gentlemen? We have given our guests quite a gruelling day, but perhaps they could stand a little more.

Mr. MACNICOL: They have done well.

The CHAIRMAN: Very well.

Mr. MACNICOL: I had hoped that in dealing with types of public construction that perhaps you would have been able to give us the details on each one of these items, particularly under water and sewage projects. You have done that very well in connection with item 2, housing—you have indicated over a term of years a proposal for the construction of 300,000 houses, and you have indicated the amount of labour and other benefits that will follow from the carrying out of such a project. You have dealt with that at some length.

The WITNESS: Yes, on page 36; and you will find water dealt with there.

Mr. MACNICOL: Then, on the supply of water—is that on page 36?

The WITNESS: Yes—water and aqueduct projects.

Mr. MACNICOL: And I would like to have had an answer to the question which I asked some time ago. Apparently there was no one here to-day from Saskatchewan associated with your organization. I had hoped that some expert who possibly was familiar with that situation might have been here. It is not reasonable to expect easterners to be familiar with such a problem, but I happen to be familiar with the lack of water at Moose Jaw and Regina, and I had hoped that there would be someone here or something in this report suggesting that as one of the works that could be gone on with. It is a very necessary work and one that would give a great deal of employment; and in my judgment it is an absolutely necessary work, the provision of water to those two cities.

The WITNESS: We regret that our members, both from the Maritimes and from the Middle West, are not here. We had hoped to have had Mr. MacDonald here from Edmonton, and several Saskatchewan and Winnipeg men here as well to talk along their own lines. There is available a complete list of projects which we have set out in our brief. That list was compiled with the assistance of the press—I refer to our *Daily Commercial News*, our newspaper; and the Canada Cement Company, and that does include the project that you speak of, the water systems for Regina and Moose Jaw. That list is available and I think a copy of it will be handed over to you, to your Chairman, and possibly he can arrange for you to be supplied with copies of it. I regret that in the rush of the last few days there was not sufficient time for us to have that list printed for you. It is quite a voluminous document. It will be made available to your committee immediately.

By Mr. Jean:

Q. May I ask you to refer to Appendix VIII on page 36 of your brief; does that comprise all the projects which you have considered?—A. Yes.

Q. I notice there that you have given some rather close figures; for instance, \$14,859,000.—A. Those are based on the actual estimated costs of the various projects.

Q. And they are in the list to which you refer?—A. Yes, they are in that list.

Mr. CASTLEDEN: With regard to your brief, at page 5, and the question asked there—will there be enough materials—I want to say that I believe we have representatives here of cement companies, lumber companies, steel companies, housing and so on; I was wondering if we could have a statement from these men as to whether or not their industries are able to produce all the materials that will be required for a program of this size; and something about costs probably.

The WITNESS: Unless you wish to hear from each of them in turn, sir; which I take it is not your intention: we have canvassed that situation and we are advised by the manufacturers and suppliers of these various materials that you speak of that within two or three months after the cessation of hostilities they could almost get back to a production that would fit a program such as is suggested here.

Mr. PURDY: There is a note on page 36—I am not quite clear as to the phrase, "national" and "potential" projects. Take, for instance Nova Scotia; you have indicated there a certain amount for highways, including in your analysis several projects. Anybody who knows anything about highways in that province knows that bridges are a bottleneck in connection with highways. I was wondering if this information was obtained from the provincial authorities or from some other source?

The WITNESS: An effort was made, Mr. Purdy, to get information from the various provincial departments of public works, highways and so on. We received it from some of them and from others we did not. This list we have stated here is not necessarily complete; as a matter of fact, it is far from complete.

Mr. HILL: But it is based on the information you received?

The WITNESS: On information that has been collected during this year.

Mr. BENCE: The statement contained on page 9 is very similar to other statements which have been made before this committee by other organizations, and that is a thing about which I am a little bit concerned. I have a reference to the last three paragraphs on page 9 in which it is stated in effect that the government policy in regard to reconstruction must be determined before private industry or business will be prepared to proceed; and also that they have to have some kind of a guarantee as to the matter of post-war financial policy. I just wanted to make my suggestion to you gentlemen who are gathered here, and possibly through you to the various people with whom you might be working, that there may be too great a tendency to lean on the government as far as reconstruction is concerned; and that private industry and private enterprise has certainly a definite responsibility in this connection, because unless it is prepared to take a chance rather than to be as you suggest hesitant, then possibly there may not be any private industry or private business left; in other words, there appears to be an unfortunate reluctance on the part of private enterprise to go ahead and do things, and all through this brief you refer to preparations to go ahead with these projects.

I am making this suggestion, that in my opinion, you people here who are engaged in private industry and private enterprise must be prepared to go ahead of your own volition and to assume a certain amount of responsibility on your own shoulders and to do something besides waiting and seeking guarantees, making certain that you are going to get a return on your capital; you naturally have to risk a certain amount of that capital in your endeavours.

By Mr. Quelch:

Q. There is another point to that, in going back to page 4 again, where the brief suggests that the association's activities should be merely a residual activity; I think there is another point even more important than that, and that is the effect of national construction projects on the general economy in the future. A point illustrative of what I have in mind is the question of irrigation. As most of us will be able to recall, irrigation was introduced by private enterprise under high pressure salesmanship which was used to bring people in to settle on that land even though it was known that they would never be able to produce in a volume which would even begin to approach the charges which would have to be made in order for the project to be able to carry on; and the result of that was that the government had to take over this enterprise. Now, surely, it would have been far better had the government introduced a project of that kind as a national project rather than to have permitted private enterprise to carry it on, particularly in cases like the one I have mentioned, where it is known that private enterprise would never be able adequately to carry it on, that it would eventually slip into bankruptcy and have to be taken over by the government. If the object of the construction industry is to assist in maintaining full employment, it would seem to me more desirable that their activities should be confined to things which they can carry on. In the past we have had private enterprise starting these things and then going into bankruptcy; consequently we must consider whether or not it is advisable for a certain project to be put in by private enterprise or as a national project,

having regard to the fact that if private enterprise puts it in the people who are going to benefit by it will have to face charges as a consequence of that project. We must consider whether it is possible or not. I have in mind irrigation. I think that irrigation will have to be carried out as a national project, and that the government should not allow private enterprise to try and carry it out because history has proved that the charges against the land will be so excessive that farmers will not be able to carry on under that type of project.

Mr. PURDY: I may be going backwards in dealing with post-war problems but I want to put a question that has more to do with a situation which may reach us very soon. The question is does your association feel that stimulation of industry may be necessary before the war ends to provide employment for construction plants?

Mr. RUTLEY: Would you repeat that?

Mr. PURDY: The question is does the association feel that stimulation of industry may be necessary before the war ends to provide employment for construction plants?

Mr. RUTLEY: I think the construction industry feels that may happen. It depends a great deal, of course, on the course of the war. It is a possibility, and if provision was made now and that possibility did happen it would be a fine thing for the country.

Mr. HILL: I know of a number of plants which have been idle all summer, plants worth millions of dollars that have not done a single bit of construction this year, several of them.

The CHAIRMAN: Any further questions?

Mr. MACNICOL: I should like you to read for the benefit of the committee and the gentlemen representing the construction industry here what we said in our report to the House in reference to the question of setting up some authority to carry on these works. It would be a good place to put it in.

The CHAIRMAN: The report that Mr. MacNicol refers to is the report made on June 23rd last by me on behalf of the committee. We pointed out certain works that were necessary both relating to natural resources and to the elimination of slums and the construction of new and good homes. I think this is what Mr. MacNicol means. Section 7 of the report is as follows:—

In view of all the foregoing, your committee recommends that the Canadian government give immediate consideration to your committee's strong opinion that the government should take the necessary steps either by the establishment of some body to be organized under ministerial responsibility or otherwise, to provide for the carrying out of works such as those contemplated in the preceding portions of this report. The chief and most immediate duty is to make certain of the state's ability to maintain full employment immediately following the end of the war when industry is being reorganized for peace-time work, and when men and women are being discharged from the armed forces and the merchant navy.

That recommendation is under consideration now.

Mr. MACNICOL: That will be information for the gentlemen who have come here and have strongly recommended practically the same thing.

The CHAIRMAN: We have made that recommendation.

Mr. MACNICOL: I think we ought to incorporate that in our report.

The CHAIRMAN: Are there any further questions on these matters or any comments? If not, Mr. Pigott is ready to answer the question that was asked of him a while ago by Mr. Bertrand.

Mr. PIGOTT: It is rather difficult to answer that question without producing a lot of charts and reading quite a number of pages in this report. I will read a couple of paragraphs that will give you the basis more or less of how the 300,000 units was arrived at, but I would suggest that I have a special memo prepared of the relative extracts and the chart and send it to you so that you will have it because it is rather important.

Mr. MACNICOL: Would you like to have it placed in the minutes?

Mr. PIGOTT: As you wish.

The CHAIRMAN: Is what you are going to send us very long?

Mr. PIGOTT: About two pages and a chart.

The CHAIRMAN: We can put that in the record.

Mr. PIGOTT: I will give you the relevant figures for your information and to more or less satisfy you as to the estimate that we have worked on. Reference is made in part to the Dominion Bureau of Statistics Appendix 3 in relation to 1942 in which the argument is developed that the percentage of vacancies has reached an alarming point. For instance, it reads:—

As at September 11, 1942, the low percentage of vacancies in twenty-eight Canadian cities is almost startling. See Table No. 6. Of those twenty-eight cities only three comparatively small cities have existing vacancies over 1 per cent. It will be recalled that a 3 per cent to 4 per cent level of vacancies is reasonably normal. The remaining cities in this group of twenty-eight are all less than 1 per cent. In some cases they are less than one-tenth of 1 per cent. For example, on that date Ottawa's vacancies were 16/100ths of 1 per cent. Montreal was 1/20th of 1 per cent. Those are astonishing figures and indicate a most serious condition. The report estimates that the deferred dwelling construction in Canada as of 1941 amounted to not less than 230,000 dwellings. It is seen that even at a modest average value there is at the present moment a backlog of dwelling construction alone of not less than \$750,000,000.

We were talking of \$1,000,000,000, 300,000 at \$3,000 a unit. On page 61 a calculation is made based on the construction of homes in a normal year. 1926 is taken as a normal year in which there were 46,000 homes built. Then a chart is included to show that between 1926 and 1941 there was an accumulation based not on 46,000 homes but on 40,000 of 232,000 dwellings. That, you will observe, is at 1941 and it cuts 6,000 for fifteen years off the normal. In order to develop a statement so that it would make sense and arrive at the conclusion which we arrived at I will have to take the various extracts and charts and show you how.

The CHAIRMAN: You can send me that.

Mr. MACNICOL: Before you sit down may I ask if in all these figures you have included the fact, according to the press, that approximately 15,000 healthy young soldiers who are now overseas are bringing back old country brides who will want houses and will no doubt have families?

Mr. PIGOTT: You suggest that the growth would be abnormal instead of normal.

Mr. PURDY: These figures are based on rather abnormal population in these centres?

Mr. PIGOTT: The first reference is based on percentages of occupancy in 1941 when there would be overcrowding due to war and industry related to war. That is correct, but the people who prepared this report have not relied on one single authority but on various authorities, and they have checked one with the other because they are estimates after all, and in the last analysis you have just got to use your judgment as to whether it is a reasonable estimate or whether it is not.

Mr. PURDY: Of course, on the other hand, I think you might go on and say that throughout the country are many thousands of good types of farms at the present time boarded up.

Mr. PIGOTT: I was of the same opinion two years ago but a canvass of the situation through the post offices did not support that view. We were able to find very few vacant houses even in the small towns of Ontario.

Mr. PURDY: I said through the farming sections.

Mr. PIGOTT: Oh yes, I think so; that is right.

Mr. BERTRAND: Your suggestion in the brief presented to us is that 300,000 new homes will be needed in Canada in normal years and not taking it as a momentary need due to the situation caused by the emergency of the war effort in certain centres.

Mr. PIGOTT: The estimate of 300,000 homes as nothing to do with the present situation.

The CHAIRMAN: Any further questions or comments?

Mr. Ross (*Calgary*): What portion of the costs would be paid for labour in your calculations?

The WITNESS: Seventy-five per cent.

The CHAIRMAN: Any further questions?

Mr. MACNICOL: I have a question I want to ask Mr. Stirling. Earlier in the day Mr. Stirling made reference to the use of machinery that is now on hand in large construction contracts. I have been reading articles with which I have a good deal of sympathy that if all war equipment machinery is used for constructing roads and so forth, is brought back and put into operation here it would throw out of commission the machinery manufacturing companies. I was just wondering whether we were going to forget war machinery such as is used at the front now and buy new machinery? If we do not buy new machinery our machinery plants will not have very much to do.

The WITNESS: There are two thoughts on that. It appears logical that a large proportion of the plant which is overseas now or in Europe will be left there. The wisdom of bringing that plant back is very problematical. Speaking for our own company, it costs nearly \$3,000 to bring a steam shovel from Newfoundland, and the thing is in such a condition now that it is really not worth it. The other point is that if this machinery has been in use for any time at all the life of machinery is short and it is not economical to bring old plant back and put it in use. A contractor will do a far better operation with new machinery.

Mr. MACNICOL: That is reassuring. That will give an opportunity to Canadian manufacturers.

Mr. HILL: I have been told by the Public Works Department of New Brunswick—and I presume it is the same in the other provinces—they have not been allowed to buy any new machinery for the past three years. Their machinery is now scrap. They cannot get repair parts to operate on the roads and have not been able to keep the roads up. They will have to buy an entirely new outfit just as soon as the war is over.

Mr. Ross (*Middlesex*): We seem to be sort of ranging over the brief now. If I may be permitted I should like to ask a question in connection with appendix 7 on page 35, the last paragraph.

The government will also be holding huge stocks of used material and equipment at war's end; orderly disposal of these stocks is imperative if ordinary markets are not to be completely disorganized. Policy for preventing such a disaster should also be announced.

The question I have in mind is, has the Canadian Construction Association reached conclusions of their own as to the orderly disposal of used material and equipment now owned and controlled by the government, and if so, have their conclusions been advanced to the government, and finally, has the association any information immediately available to this committee along those lines? I believe there are some Crown companies.

The WITNESS: I was just going to say that is putting one on the spot. One hears gossip about those things. I understand that an announcement of policy—I should not be telling you gentlemen this—is shortly to be made on that subject which pretty well answers your question. That is gossip.

Mr. HILL: The paper announced to-day the army was going to sell all trucks and motor cars and other things to civilians that had been purchased up to 1941. My own personal opinion of those army trucks is that they are no good for anything except scrap.

The WITNESS: I am afraid my answer is I am not in a position to say anything.

The CHAIRMAN: Any further questions?

Mr. MACNICOL: About the whole brief?

The CHAIRMAN: Yes, I think we can cover the whole brief now. Some concentration seems to have got it nearly to a head.

Mr. MACNICOL: I want to compliment this group of gentlemen for the comprehensive report they have put in. On page 3 in the second paragraph they show the comprehensiveness of the program they have in mind. It covers a very large range of projects, all of which will provide a lot of employment. With the last sentence of the first section we all agree, namely, that the construction industry is the first to absorb the shock, and that anything that can be done by the committee through the government to place the construction industry in a position to go ahead immediately after the war and provide jobs will surely receive the support of the whole committee.

As to page 4, as I said before, we strongly endorse the second section under the heading, "Immediate Start on Planning Imperative." I hope, Mr. Chairman, when you draw up your report of this fall meeting you will bring that prominently forward, the imperative necessity of commencing immediately. As one gentleman down here said, we are a year late. We should try and catch up that year by increasing our preparations. For my part I am encouraged by the report of these gentlemen that the post-war period will perhaps not be as bad for the provision of employment as some of us had feared. It may not be in order at the moment but if it is I would move a resolution thanking these gentlemen for being here.

Mr. HILL: It has been an education.

The CHAIRMAN: I am assuming that there are no further questions.

By Mr. Castleden:

Q. There is one question I should like to ask relative to something that came up yesterday. What is the attitude of your association with regard to replacing men with machinery. Suppose you have 400 men on a project and you bring in a piece of machinery that will replace 50 men, would you fire 50 men or maintain the balance of your labour on the same grade of pay or would you merely maintain the 400 men on the project and reduce the hours?

A. The general policy, sir, is this: If you get a piece of machinery that is going to save some labour you then place that labour on some other project. The prime importance is to get what you are buying, a bridge or a canal or

whatever it may be, or a building, get it for the purchaser at the most advantageous rate possible. Employ your men on other projects. If you put in machines it means you can do more work for the same amount of money.

Q. If you have no immediate project to place them on would it be a case of displacing men with machinery?—A. Not under the circumstances, sir. I think the demand for men will obviate that; I am pretty sure it will. We are taking up the slack of unemployment. The slump of unemployment is being taken up and it would take care automatically of that. The number of men available is one of the things we are going to want if this program is filled. I presume you are referring to page 5 of the report?

Mr. HILL: That is what I was referring to.

The WITNESS: And this is what we say:—

Our industry should not be obliged to function as a relief agency. It is all too easy to do this, since construction absorbs unemployment so readily. We do not want to see a reversion to the old policies of the depression years, involving relief projects containing a maximum of hand labour.

We do not want to go back to the 1930's; nobody wants that; labour does not want it. I think it is probably fair to say that they are the last people in the world who want to go back to that; we thoroughly agree with that.

By Mr. Hill:

Q. Is it not true the speed with which you increase the work by the use of machines automatically increases the use of men in other parts of the world?

A. Decidedly; it creates further demands.

By Mr. Castleden:

Q. In other words machinery does not really replace labour?—A. Not in the way that it sounds, when you say it that way.

Mr. HILL: It takes them off the pick and shovel job.

Mr. CASTLEDEN: Where does it put them?

The WITNESS: They do further work.

By Mr. Gillis:

Q. There is something I should like to ask before we adjourn. We are dealing with page 5. In the second paragraph at the top of the page we find the following:—

Types of publicly financed construction.

In one of those clauses you recommend:

Re-conversion of government-owned war plants to the needs of private industry.

That is a pretty definite recommendation. What I have in mind is the people of Canada to-day have approximately \$800,000,000 invested in that kind of plant and equipment. Do you anticipate when you reconvernt these plants the handing over of these plants to private industry or do you anticipate the purchase on the part of private industry of these plants so the Canadian tax-payers may get out of the plants what they have invested in them?—A. I would certainly say your last proposition was the one, Mr. Gillis, certainly not handing over by any means.

Mr. HILL: It is a question of policy.

The CHAIRMAN: Is there anything further?

By Mr. Castleden:

Q. You do not advocate the destruction of those plants?—A. No, sir.

By Mr. MacNicol:

Q. Mr. Stirling, you would not include in that statement all these mushroom plants all over the country, would you? You would include plants like the stable plants that have been gradually added to at government expense probably built for endurance and length of service, but there are many, many plants that are just of flimsy construction, built for a special, single purpose. How could you use these in private industry after the war if private industry would buy them?

A. That is a problem, sir. I think we will all find it hard to justify destruction of anything or wasting of anything.

Mr. HILL: Certainly the shell-filling plants away back in the woods built for the protection of towns were built with a special purpose in mind, and to be torn down at the end of the war or salvaged?

The WITNESS: I think that was the purpose.

The CHAIRMAN: Is there anything further?

Mr. MACNICOL: Any plant that could be economically salvaged should be.

The CHAIRMAN: It has been suggested this committee would like once more to express appreciation to you, Mr. Stirling, and to your colleagues for the excellent presentation which you have made to us. It is true that the thoughts of a good many of us and I think the committee itself as evidenced by the attention they have given these reports has been along the line that you have indicated to us to-day. But you have given here as an association of practical hard-headed business men, looking at the future as it is looming up before us, and looking at the future in the light of your investment to carry on that work, a view that we appreciate very much. I feel I am expressing the viewpoint of everybody here when I say that in the main your submission to us is of an encouraging nature and as was pointed out by yourself that possibly there is not quite so much danger immediately in front of us as some have been fearing. It does not mean that either you as business men or ourselves as members of this committee should go to sleep. It does not mean that, and I know you do not mean it as such. I know you want to say a word yourself and I will close now and on behalf of this committee I want seriously to express to you our very deep appreciation of the manner in which you have carried out the task which we asked you to take.

The WITNESS: Mr. Chairman and hon. members, it certainly has been a pleasure as well as an honour to appear before you to-day. Your chairman has made the task very easy. He has within the last few days given us the atmosphere which we would have to face, and if I may say so, I deeply appreciate—and I speak for my colleagues as well—the attention which you have given to the reading of the brief and the relevancy of the questions which you have addressed to us.

Now, our organization has a permanent office in Ottawa as you will see by the first page of the brief. Our general manager is always there—at least we think he is—and he will always be glad to answer further details concerning this, and if he has not the answer available he will write and get it for you. We would welcome your attendance there and if at any time you require us to appear before you again you have only to say so and we will be very glad to come. Thank you very much.

The CHAIRMAN: May I have one word before you break up. I called the meeting to-morrow morning at 11 o'clock because I understand that Premier Manning is coming in on the train. The train is due at 9 o'clock and I imagine he would not be ready until 10. Perhaps 11 o'clock would be more suitable to Premier Manning in that account.

The committee adjourned at 4.20 p.m. to meet to-morrow morning at 11 o'clock.

APPENDIX "A"

REPORT OF THE C.C.A. RECONSTRUCTION SUB-COMMITTEE ON LABOUR RELATIONS

The good relationship existing between Management and Labour in the construction industry has developed to the present standard over a long period. Forty years ago or more, employers and labour unions representing the fourteen different trades in the industry began making collective agreements governing wage rates, hours of labour and working conditions.

Over this long period of years of negotiating agreements, the recognition of the mutuality of interests within the industry of the employers and the workers, coupled with a real appreciation by each group of the other's problems have brought about the adoption of the joint conference method of dealing with the problems confronting the industry—particularly in cases of national emergency.

There are conditions peculiar to our industry that have made this method desirable. The important one perhaps is, the constant changing of workers from one job to another, and from one employer to another. This occurs for the reason that a contractor starts and completes a project in a few weeks or a few months, depending on its size. The workers then move to the site of a new project and a different employer. This has led to a closer relationship between employers and the agents of unions in the matter of labour supply. The fact that both employers and employees have been well organized has been a favourable factor.

In 1921 the first joint conference of employers and trade union representatives of the construction industry was held at Ottawa under the auspices of the then Minister of Labour. This established a basis for better labour relations which has been carried on until the outbreak of war. The war gave rise to many new problems such as inflation, wage control, and labour supply. On account of the necessity of finding a proper solution to these problems, a second joint conference of employers and representatives of employees was held under the auspices of the National Labour Supply Council at Ottawa, February 10th, 11th and 12th, 1941.

The proceedings of this conference have been published by the Department of Labour and are available to you. There are, however, four joint conclusions which we would like to quote here,—

1. Wage levels in effect at the outbreak of the war in 1939 were generally accepted as fair and equitable;
2. Avoidance of strikes by mutual effort and arbitration;
3. Labour rates stabilized except where "unduly low" and increases for the duration to be based upon increases in the cost of living;
4. A National Joint Conference Board was established to carry forward the work of the Conference.

This National Joint Conference Board, established at the conference, has been actively in operation, and is composed of nine representatives of trades unions and nine employers. The chairman is an officer of the Department of Labour, and the secretary is also provided by the department.

Meetings of this board have been held periodically throughout each year since the conference and have dealt successfully with the many problems which have risen. Evidence of this has been the absence of any serious strikes or shut-downs in our industry. The success of this policy of Joint Conferences is best told in the story of the Industry's war time task.

The industry has been doing a job under emergency conditions which cannot for obvious reasons be told as yet in detail or in its entirety. We were the first to go to war. The task confronting us was huge. We were prepared and ready to assume our responsibilities. All this made possible the speedy development of the war effort.

The work undertaken by our industry has included fortifications and camps for the Army, air stations for the R.C.A.F. and the Commonwealth Air Training Plan and naval centres from coast to coast. Shipyards have been built. We erected plants for the manufacture of munitions, materials and the supply of power. Housing for war workers has been provided.

All this, the construction industry's record of accomplishment in building Canada's war plants, Army and Navy Barracks and Air Training Centers, might have been difficult without this understanding and co-operation between employers and employees.

We are desirous that in the future these relations be maintained and improved. For this reason we believe and respectfully recommend that this National Joint Board be continued in the post-war period under the provisions now made by the Department of Labour, and as in the past problems affecting our industry be dealt with by this board, and their recommendations be sent on to the Department of Labour for its serious consideration.

APPENDIX II

REPORT OF C.C.A. RECONSTRUCTION SUB-COMMITTEE ON HOUSING

Many statements have been made regarding the number of houses that can be used in Canada, and should be built in the post-war period. These estimates have run as high as 700,000 or more. We believe, however, that the opinion of Wartime Housing Limited that 300,000 homes are needed, is probably very close to the truth.

There are many quite important questions to be carefully dealt with in any Housing programme. Students of this subject have reached the conclusion, and we are in complete agreement, that housing cannot be considered apart from Town Planning. In fact, it is evident that housing is only a part of a manner of living. It will not be satisfactory to set aside certain sums of money for building houses in different Canadian communities without definitely relating such work to the reclaiming of sections of municipalities, and without considering the necessity for certain related community buildings, playgrounds, etc.

The census figures for 1931 would indicate that in ten of our larger cities the average family earnings was \$1,544.00 per year. The corresponding figure for the census of 1941 is \$1,684.00. These are averages.

If we refer to the "Census of Canada", 1931, Volume 5, pp. 2 and 78, we will find that the percentage of males in the Wage and Salary class earning \$1,000.00, or less, per year, is 60. The census figures for 1941 give the income of male earners in this class as approximately 50 per cent, but we have to bear in mind that this is a war year and that this figure is hardly normal. However, looking at the average family earnings, and the percentage of male earners having an income of \$1,000.00, or less, per year, it is reasonable to assume that somewhere between 50 per cent and 60 per cent of the families in urban centres would have earnings of \$1,200.00, or less, per year. It is obvious that for this large percentage of families in urban centres, housing is a *rental* problem.

The National Housing Act has made it possible for people of fairly low income, possibly from \$1,200.00 a year up, through cheap mortgage money and long periods of write-off, to own their homes, but this only applies to the smaller

percentage above the 60 per cent level. The greater part of the 300,000 homes will be for low income families and will involve Government ownership and assistance in some form.

In many countries schemes have been worked out to bring suitable, modern housing within the reach of low-income people in the form of rents that they can afford to pay. The U.S. Housing Administration is a suitable example. Blighted areas and slums have been cleared up by this agency, and in their stead attractive multiple dwellings have been erected, and suitable living accommodation provided on a basis of approximately one-fifth of the income of the wage earner. There have been other plans, but this is typical. It may be possible to provide the necessary assistance through very long term financing, at very low rates of interest, but there is a good deal to be said for a plan which bases the rent on the income, regardless of how low that is, and furnishes accommodation to suit the size of family regardless of rent. Any plan that will provide flexibility of this kind is preferable to a fixed plan based on a low rate of interest and long term loans.

No study of housing conditions and housing requirements in Canada can proceed very far without the necessity of proper Town Planning becoming apparent. It would seem to this Association that properly constituted Town Planning Committees, operating under Federal Government direction or regulation, should be a necessary prerequisite to any Federal Government Housing assistance. This refers particularly to the larger centres.

A very complicated problem has to be worked out as to what is to be done with old, rundown areas, either slum areas or blighted areas. It has to be realized that new Housing for low-income families may cure one evil, and create another. It would be poor planning indeed that would push low cost, large scale developments to the outskirts of a city if it were to drain and leave vacant, any blight sections nearer to the centre. Planning is essential. Areas in these cities must be recovered. They must be recovered by due process under special legislation. This will require courageous handling. Any housing schemes, or policies, that furnish new, without salvaging or removing the old, will not work out.

It has to be borne in mind that many existing houses are still very useful, and only need some assistance to make them available for many years to come. They are privately owned; in many cases they are mortgaged. A government policy that would create new housing within the reach of low-income families should bring suitable old housing also within the reach of these families. Any other policy would be a violation of the rights of owners and mortgage investors.

It is common knowledge that a great many low income families are paying much more than one-fifth of their income in the way of rent. (One-fifth is the generally accepted figure allotted from income for rent.) Some students and economists list such families as "must" cases for new government-assisted housing. In many cases, some or all of the assistance furnished in new government-owned and rented housing would bring the home in which they presently dwell within the reach of their ability to pay. It is frequently taken for granted that the high rent is the landlord's fault. That is not necessarily so. It is some years since it has been possible for owners to build and rent with any hope of a satisfactory return. The government cannot, nor can anyone else, furnish suitable housing for low-income families at a rent within their ability to pay without subsidy or help of some sort. A government may establish a rent by means of subsidies, by means of low interest money over extra long periods of time, or by agreement with municipal governments which will provide for easements in taxation, or by other methods, but these methods are *not open to private individuals or corporations*.

This association suggests that a special department, commission or corporation be placed in charge of this assisted housing, which shall be charged with

the creation, management and maintenance of these projects. Acting in conjunction therewith will be Town Planning Committees in the larger centres. Under such an arrangement it should be possible to—

- (a) Condemn certain sub-standard Housing and have it removed, under suitable indemnity payments;
- (b) Approve certain Housing for some form of assistance that would bring its rental to desired levels, and so retain its use;
- (c) Locate new neighbourhood, or group Housing developments, with due regard to proper location in relation to other civic areas; to the provision of related community buildings, play areas, etc., and to the setting up of some suitable agency to promote community activities.

The problem of the smaller towns will be somewhat different. Many of the complex difficulties will not present themselves. The necessity, however, for proper uniform and legalized authority is there for towns as well as for cities. It should be quite practical to use the committees of large cities to approve and pass on the requirements and merits of any Housing proposed for towns.

Any National Housing Plan cannot possibly ignore the Housing conditions that exist on many of our farms. Farming has ceased to attract young people for some years, and farm production, in the minds of people who are qualified to express an opinion, is seriously threatened. Provincial commissions would have to be established to pass on the ability of the farm to produce, and the ability of the farmer to pay. Some farms are owned; some are rented. Some are prosperous, with good housing, and need no help; some are not prosperous, and have bad housing, and do need help. Here a plan will have to be worked out which will provide the necessary inducement to replace bad rural housing with good housing, without making this a burden on the good farmer. Some line will have to be drawn above which help cannot be given, and below which help, on a sliding scale, will be necessary.

It is obvious that it would be necessary to have uniformity, and this can be obtained through national regulation and supervision of the Town Planning Committees in large cities and metropolitan areas, and through provincial committees in regard to farm housing. Certain uniform provincial legislation would be necessary in order that these committees would be armed with the proper authority.

It is the opinion of this Association that a start should be made now in setting up the necessary federal body and local committees, and in securing the necessary important data in the case of each municipality in which large scale plans for Housing for low-income families might be launched.

The National Housing Act should continue to function for people whose income is continuous and sufficient to finance the purchase of a home. Emphasis has been placed in recent years by national housing on smaller houses; on houses of low cost. In this way, they have been attempting to reach down and help people of lower incomes. There are obvious limits, however, to this.

For 15% or 20% of the families in Canada no particular assistance is required, and this percentage would represent people who are sufficiently independent to finance their own work. 20% to 25% have to be assisted to own their homes, but do not require any subsidy, and 60% will have to have some other plan worked out to bring the rentals of the kind of houses they should have, within their reach.

The construction of new dwellings and the conversion and renovation of old, will form probably the greatest source of employment when material and labour become available. The National Housing Act should be extended to

permit building larger homes than at present and as previously, costing up to \$10,000.00. It should also be extended to permit building of apartment blocks as previously.

The 90% loan feature should be retained as at present and be extended to houses costing up to \$6,000.00. Initial down payments could be made available from compulsory savings, under suitable regulations. When owner does not desire to build under the National Housing Act, then his compulsory savings at his request might be converted into interest-bearing bonds for security to permit him to build.

For purpose of apartment house dwellings or conversion of larger houses into approved apartment suites, low cost money should be made available by government through loan companies or otherwise where the National Housing Act or Home Improvement Plan cannot be made applicable.

It must be realized that if anything like 300,000 homes are needed that they will have to be provided over a period of years. It must also be apparent that a considerable amount of money will be involved, not only in the building of houses, but in the reclaiming of lands condemned, and removal of areas that have deteriorated to a point where they become slums. It is the opinion of this Association that developments in this country in the last fifteen or twenty years have made the re-planning of many of our cities absolutely necessary. It is doubtful if the municipalities themselves will ever, without the assistance of the federal government, be able to face and solve the problems that are becoming very serious indeed for them. That such reclaiming and replanning of cities are part and parcel of any Housing plans of the federal government, goes without saying. The standard of living of the Canadian people has marched steadily forward, but housing not only has lagged seriously behind but the problem has reached a state where it demands a new approach altogether. The replanning of cities, the providing of homes for low-income groups, and the tying-in of the necessary community facilities, present a problem that should be faced after the war, and one, in the solution of which, it may well be that a very constructive field of employment and rehabilitation will be furnished.

"THE ECONOMIC WELFARE OF CANADIAN EMPLOYEES"—A Study of Occupations, Earnings, Hours and Other Working Conditions, 1913-1937.
BULLETIN No. 4, Queen's University, published in 1940, Page 55, Table 6.

In the year 1931 when the last Census before the present one was taken, 60 per cent of male wage earners earned less than \$1,000.00 per year; another 20 per cent earned from \$1,000.00 to \$1,500.00. Thus 80 per cent of the male wage earners would be in receipt of \$1,500.00, or less.
"HOUSING CENSUS OF CANADA, 1941" Page 6, Table IV.

APPENDIX III

A SHORT DESCRIPTION OF THE RECONSTRUCTION FINANCE CORPORATION

The Reconstruction Finance Corporation, created in 1932 by Act of Congress is one of several agencies grouped under the Federal Loan Agency, to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce and industry, and for other purposes. Subsequent legislation has extended its operation. It may continue to perform all of its functions up to January 1947, or such earlier date as the President may authorize.

Capital stock of the corporation was fixed by Section Two of R.F.C. Act at \$500 millions, all of which was subscribed by the Secretary of the Treasury on behalf of the Government of the United States in February, 1932. The entire capital stock has been paid for by the Secretary of the Treasury. Pursuant to provision of Section Two of the R.F.C. Act as amended by Act of Congress, approved June 25, 1940, the Corporation retired \$175 millions of its capital stock at par.

Up to and including 1941, the Corporation's activities can be summarized as follows:—

	Authorized Loans	Disbursements	Repayments and other reductions
(1) By Directors of Corporation	\$17,563,806,000	\$ 9,818,659,000*	\$6,765,876,000*
(2) Allocations and loans to other Government Agencies and for Relief by direction of Congress	3,484,650,000	3,199,696,000	2,852,014,000
Total	\$21,048,458,000	\$13,018,355,000	\$9,617,890,000

* Items of particular interest to the Construction Industry which go to make up these totals are as follows:—

	Disbursements	Repayments and other reductions
Self-liquidating projects	\$1,058 Millions	\$896 Millions
Conservation	98 "	25 "
Building and Loan Association.....	125 "	122 "
Public School Authorities	23 "	22 "

A portion of item (2) in the above summary has also resulted in construction. Loans of all kinds contributing to construction represent about 5 per cent of total disbursements.

The self-liquidating PWA projects include such undertakings as the San Francisco Oakland Bridge, Los Angeles water supply from Colorado River, Boulder, L.A. powerline, Knickerbocker Village, and numerous bridges, water, and sewer projects.

The directors are appointed by the President of the United States by and with consent of the Senate.

The Executive Committee is composed of a Chairman and two other members of the Board of Directors.

Its activities are divided into the following branches:—examining, legal, statistical and economic, information, personnel, self-liquidating, agency and auditing.

The Corporation is authorized to issue within stated limits its notes, debentures, bonds or other obligations. These are fully guaranteed by the United States.

The R.F.C. has created the following Corporations:—Defence Plant Corporation; Defence Supply Corporation; Rubber Reserve Corporation; Metals Reserve Corporation and War Damage Corporation. The R.F.C. provides capital and makes loans to all of these.

Section 5D of the R.F.C. Act authorizes the Corporation to maintain economic stability of the country, to encourage employment of labour, and to aid in financing the construction of public works undertaken by states, municipalities, etc., by direct loans, purchases and obligations, or by other means.

Section Four of the National Housing Act requires R.F.C. to make such funds available to the Federal Housing Administration as the Administration may deem necessary.

The R.F.C. is authorized also to provide funds to various other agencies of the federal government.

APPENDIX IV

REPORT OF C.C.A. RECONSTRUCTION SUB-COMMITTEE ON CONSTRUCTION EQUIPMENT

In pre-war years, the replacement value of "Equipment, Machinery, Tools, and Vehicles" owned by the construction industry varied between \$65 and \$70 millions. Much new equipment has been imported during recent years for war construction. It is considered that present replacement value of existing equipment approaches \$100 millions. Since the value of construction equipment required represents about 10 per cent of the value of the construction being done, provided it is all in use, it would appear that sufficient equipment was on hand for carrying out a construction program of any volume likely to be undertaken.

Actually there is danger that if much of the obsolete or badly worn equipment were scrapped there would be a general shortage. This is particularly true in the case of earth-moving equipment, where there is even now a definite shortage in the number of larger units, brought about partly by the transfer of much of it to the Alaska Highway where much of it has been worn out and where most of it may remain for maintenance purposes. Rehabilitation of equipment generally during war years has been neglected due to a shortage of repair parts and of competent mechanics, and while the supply of repair parts may improve, there is little likelihood of the supply of experienced mechanics improving as long as the war lasts.

Nationwide pooling of equipment has been attempted by the Wartime Prices and Trade Board but has not been successful, even under the pressure of war needs. Yet pooling will no doubt be effectively carried out locally in post-war years, as it was in pre-war years.

It is recommended that wartime controls on equipment should be gradually removed, and that restrictions on imports of equipment should also be removed as early as possible. It is believed that everything possible should be done to encourage the reconditioning and rebuilding of equipment now, and the replacement of obsolete units by newer types of machines developed since the outbreak of war. If these steps are taken, a shortage need not develop.

At the end of the war, any disposal of construction equipment presently owned and operated by the Canadian government should be made through existing recognized equipment agencies.

APPENDIX V

REPORT OF C.C.A. RECONSTRUCTION SUB-COMMITTEE ON LABOUR SUPPLY

The ultimate capacity of the construction industry in providing maximum employment during the critical years immediately following the war will depend in no small measure on the skill which is exercised in controlling the order in which projects are released.

The proper proportion of both skilled and unskilled work will need to be provided in every community, and the requirements in this respect will vary widely.

Since the outbreak of war, the quality of construction labour generally has suffered through dilution and upgrading in many of the trades and this condition can be best corrected through the medium of adequate means being provided in each province for—

1. Complete apprenticeship training for youths recruited from secondary schools.

- 2. Complete apprenticeship training for ex-service men desiring to start anew in the construction industry.
- 3. Partial training or retraining for—
 - (a) Ex-service men who had some experience in construction previous to enlistment and who now desire to complete their training.
 - (b) Men who temporarily become engaged in other occupations and who now desire to qualify for reinstatement in the construction industry.
 - (c) Men now classed as mechanics who have never served any proper apprenticeship and who now desire to regularize their position by qualifying for "competency" rating.
- 4. Short term courses for clerical construction staff such as pay-masters, time-keepers, cost clerks and material checkers.

It is the opinion of this Association that the supply of construction craftsmen will not be a limiting factor in early post-war years for any volume of construction likely to be undertaken, so long as the proportion, as between building and engineering projects remains relatively similar to that obtaining heretofore.

APPENDIX VI

REPORT OF C.C.A. SUB-COMMITTEE ON THE CAPACITY OF THE CONSTRUCTION INDUSTRY

The capacity of the construction industry can best be expressed in total value in dollars, including expenditures for materials and transportation costs, and in employment.

The Industry has for many years used statistics published by MacLean Building Reports which show the amount of construction contracts awarded each year. This index excludes a considerable volume of work done by jobbers in the building trades, and also by certain industries and government departments. Secondly, the index shows awards in one year that may actually be carried out in several succeeding years, and consequently the figures may or may not be related to employment figures.

In 1934 the Dominion Bureau of Statistics commenced more detailed figures, and the yearly volume reported by them is that carried out by general and trade contractors and subcontractors, municipalities, the Harbours Board and dominion and provincial governments. These figures are related to employment.

Dominion Bureau of Statistics yearly construction volume is used as a basis throughout this Brief.

It is estimated that the value of work performed in the year 1943 will be approximately \$400,000,000 for work carried out, according to the Dominion Bureau of Statistics. (Approximately \$200,000,000 for contracts awarded is the corresponding figure according to MacLean Building Reports.)

From the volume of work carried out previously and the availability of machinery, labour and materials, we estimate the possible construction volume that can be carried out by contractors, governments, the Harbours Board and municipalities to be as follows, expressed in millions of dollars:

Possible Volume Last War Year	First Post-War Year	Second Post-War Year	Third Post-War Year	Fourth Post-War Year	Fifth Post-War Year
250 to 350	450 to 500	200 to 150	650 to 650	150 to 150	800 to 800
					800

The number of man-hours provided by construction is that used:

- (a) on the construction project,
- (b) to provide raw products and manufactured articles,
- (c) to transport the raw and manufactured products from the forests, the mines and the factories to the site of the work.

The on-site man-hour is defined as the unit of work performed on the construction project and the off-site man-hour is defined as the unit of work performed in providing materials and transportation services. Detailed studies have been made by the United States Department of Labour and by qualified Canadian engineers and contractors to determine the value and quantity of on-site and off-site employment. On prewar contracts and at prewar wages and conditions, the results show:

The total off-site and on-site man-hours per *million dollars* of construction volume—

	Man-hours
Public buildings	1,479,000
High-class industrial buildings	1,250,000
Grading and drainage	1,090,000
Concrete paving	1,050,000
The average of the above is	1,217,250

Expressed in dollars at prewar prices and wages, it is estimated that per *one million dollars* of construction gross value:

1. There are 525,000 man-hours of labour on the site of the work. At an average rate of 60c. per hour, this amounts to	\$ 315,000
2. Off-site labour and materials, including transportation, will amount to approximately	595,000
3. The approximate overhead and profit	90,000
 Total	 <hr/> \$1,000,000

(Appendices VI-F, VI-G, and VI-H explain the sources of these figures.)

The prewar cost of construction materials, including transportation, for the years 1934 to 1939 averaged approximately 47 per cent of the gross value of construction. This average will vary with the type of work to be undertaken. At the present time there are many materials that are difficult to obtain, but it is confidently expected that the only material that might be scarce in the immediate post-war period is lumber, assuming that our export of this material may increase after the war.

The capacity of the construction industry to give employment for various annual volumes of construction is estimated by us to be as follows:

Gross construction volume per year (D.B.S. Index)	Total number employed on the job, and in factories, mines, woods, mills, etc., and transportation Persons	Estimated expenditures on construction materials and transportation including labour involved in same
\$300,000,000	287,000	\$140,040,000
\$400,000,000	383,000	186,720,000
\$500,000,000	479,000	233,400,000
\$600,000,000	575,000	280,080,000
\$700,000,000	671,000	326,760,000
\$800,000,000	767,000	373,440,000

The above figures show the gross number of jobs created. To determine the amount of additional employment created, it would be necessary to subtract from each of the above mentioned totals the numbers of those steadily employed in the industry. (Detailed figures of the above summary are shown in Appendix VI-J).

APPENDIX VI-A

TABLE OF DOLLAR VOLUME OF CONSTRUCTION CONTRACTS AWARDED AND OF POPULATION IN CANADA 1913 TO 1942

Year	Construction Contracts Awarded	Population	Year	Construction Contracts Awarded	Population
1913	\$384,157,000	7,632,000	1928	\$472,032,600	9,835,000
1914	241,952,000	7,879,000	1929	576,651,800	10,029,000
1915	83,916,000	7,981,000	1930	456,999,600	10,208,000
1916	99,311,000	8,001,000	1931	315,482,000	10,376,000
1917	84,841,000	8,060,000	1932	132,872,400	10,506,000
1918	99,842,000	8,148,000	1933	97,289,800	10,681,000
1919	190,028,000	8,311,000	1934	125,811,500	10,824,000
1920	255,605,000	8,556,000	1935	160,305,000	10,935,000
1921	240,132,300	8,788,000	1936	162,588,000	11,028,000
1922	331,843,800	8,919,000	1937	224,056,700	11,120,000
1923	314,254,300	9,010,000	1938	187,277,900	11,209,000
1924	276,261,100	9,143,000	1939	187,178,500	11,315,000
1925	297,973,000	9,294,000	1940	346,009,800	11,427,000
1926	372,947,900	9,451,000	1941	393,991,300	11,540,000
1927	418,951,600	9,636,000	1942	281,594,100	

Source:—MacLean Building Reports Ltd.

APPENDIX VI-B

NEW CONSTRUCTION AND ALTERATIONS AND REPAIRS PERFORMED BY GENERAL AND TRADE CONTRACTORS, DOMINION GOVERNMENT, HARBOURS BOARD, PROVINCIAL GOVERNMENTS AND MUNICIPALITIES
1934-1941

Year	New Construction		Alterations and Repairs		Total	
	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent
1934	115,988,781	62.29	70,210,109	37.71	186,198,890	100
1935	140,988,228	65.41	74,560,645	34.59	215,548,873	100
1936	170,645,824	66.12	87,394,576	33.88	258,040,400	100
1937	244,946,916	69.61	106,927,198	30.39	351,874,114	100
1938	240,549,164	68.12	112,674,121	31.88	353,223,285	100
1939	258,662,409	69.31	114,541,271	30.69	373,203,680	100
1940	352,301,695	74.31	121,821,083	25.69	474,122,778	100
1941	491,396,828	76.9	148,353,790	23.1	639,750,624	100

Source:—Data taken from "Report on the Construction Industry in Canada, 1941", published by the Dominion Bureau of Statistics.

APPENDIX VI-C

GROSS VALUE OF CONSTRUCTION PERFORMED BY GENERAL AND TRADE CONTRACTORS, DOMINION GOVERNMENT, HARBOURS BOARD, MUNICIPALITIES—DOLLAR VALUES

Year	Construction work by General, Trade, and Sub-contractors		Construction work undertaken directly by the Dominion Government		Construction work undertaken directly by Provincial Governments		Construction work undertaken directly by Municipalities		Total Construction Work	
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1934	99,381,822	19,332,023	3,255,940	35,252,848	28,976,221	10,635,554	186,198,890			
1935	147,530,111	14,384,512	1,966,576	32,029,120	21,515,544	18,637,886	258,040,400			
1936	196,737,443	8,767,819	1,983,044	31,914,208	20,128,323	35,1,874,114				
1937	278,209,051	6,484,465	6,426,949	45,426,326	38,186,854	22,863,476	353,223,285			
1938	281,484,630	9,256,809	1,481,456	46,249,892	23,723,692	373,203,680				
1939	286,712,459	15,109,951	1,407,686	35,860,979	19,618,187	474,122,778				
1940	379,654,887	37,725,090	1,263,090	34,848,840	21,941,113	639,750,624				
1941	563,977,640	17,969,659	1,460,472							

Source:—Data taken from “Report on the Construction Industry, 1934-1941,” published by the Dominion Bureau of Statistics.

GROSS VALUE OF CONSTRUCTION BY PROVINCES—DOLLAR VALUES—PERFORMED BY GENERAL AND TRADE CONTRACTORS, DOMINION GOVERNMENT, HARBOURS BOARD, PROVINCIAL GOVERNMENTS AND MUNICIPALITIES

Year	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Canada
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1934	304,556	9,870,626	6,165,142	42,862,777	96,458,580	6,343,085	6,905,495	7,532,324	9,756,195	186,198,890
1935	1,190,030	15,657,298	9,988,340	58,309,829	90,848,941	10,473,633	5,061,354	10,183,322	13,836,126	215,548,873
1936	816,141	15,434,295	11,982,235	10,826,433	12,929,022	8,314,668	9,611,860	22,789,641	258,040,400	
1937	754,448	20,180,404	17,557,146	101,460,731	14,835,5227	12,475,326	8,436,495	11,198,894	31,458,343	
1938	1,381,442	18,038,687	14,974,820	100,830,603	15,145,842	14,247,661	11,020,224	13,166,662	28,177,344	
1939	1,948,064	19,890,449	14,886,121	118,529,680	14,848,394	13,429,064	17,856,669	27,223,285	26,985,533	
1940	4,147,583	28,637,404	113,002,828	127,438,996	19,230,380	25,232,785	21,243,412	27,356,018	34,476,372	
1941	1,938,712	33,152,991	18,550,864	181,859,687	261,238,765	20,668,374	35,295,059	57,535,615	639,750,624	

Source:—Table compiled from statistics contained in “Reports on the Construction Industry, 1934-1941,” published by the Dominion Bureau of Statistics.

APPENDIX VI-E

TABLE I

WAGES, SALARIES PAID, COST OF MATERIAL, OVERHEAD EXPENSES AND UNDISTRIBUTED PROFITS OF CONSTRUCTION GROSS VALUE—DOLLAR VALUES (1)
1934-41

Year	Wages	Salaries Paid	Cost of Material	Overhead Expenses and Undistributed Profits	Total Value of Construction
					Dollars
1934	84,679,986	16,928,242	70,792,135	13,798,527	186,198,890
1935	82,607,097	22,579,526	94,733,584	15,628,666	215,548,873
1936	87,575,538	25,270,846	122,189,238	23,004,778	258,040,400
1937	120,239,004	30,398,287	175,844,435	25,392,388	351,874,114
1938	112,595,479	34,809,919	176,562,208	29,255,679	353,223,285
1939	118,601,138	34,841,305	189,497,342	30,263,895	373,203,680
1940	144,447,805	35,781,693	267,228,786	26,664,494	474,122,778
1941	192,207,668	43,424,113	370,188,739	33,930,104	639,750,624

APPENDIX VI-E—(Continued)

TABLE II

WAGES, SALARIES PAID, COST OF MATERIAL, OVERHEAD EXPENSES AND UNDISTRIBUTED PROFITS OF CONSTRUCTION GROSS VALUE—PERCENTAGES
1934-41

Year	Wages	Salaries Paid	Cost of Material	Overhead Expenses and Undistributed Profits	Total Value of Construction
					Percent
1934	45.48	9.09	38.02	7.41	100
1935	38.32	10.47	43.96	7.25	100
1936	33.94	9.79	47.36	8.91	100
1937	34.17	8.64	49.97	7.22	100
1938	31.88	9.85	49.99	8.28	100
1939	31.78	9.33	50.78	8.11	100
1940	30.47	7.55	56.36	5.62	100
1941	30.25	7.02	57.34	5.39	100

Source:—Data taken from "Report on the Construction Industry in Canada, 1941", published by the Dominion Bureau of Statistics.

APPENDIX VI-F
COMPARISON OF CANADIAN CONTRACTORS' ESTIMATES OF ON-SITE AND OFF-SITE EMPLOYMENT

	Construction cost	On-site labour man-hours	Off-site labour man-hours	Total man-hours	Ratio of on-site to off-site	Man-hours per million dollars of construction
Public Building, Winnipeg, Man.	\$1,407,000	705,820	1,375,360	2,081,180	1:1.95	1,479,000
Carter, Halls, Aldinger, Limited.						
Large high-class factory building, Cornwall, Ont.	2,500,000	1,074,769	2,050,000	3,124,769	1:1.91	1,250,000
The Foundation Co. of Canada, Limited.						
Grading and Drainage, Manitoba	100,000	65,000	44,000	109,000	1:0.68	1,090,000
Bird Construction Co., Limited.						
Concrete Paving, Manitoba	100,000	60,000	45,000	105,000	1:0.75	1,050,000
Bird Construction Co., Limited.						
Average:					1:1.32	1,217,000

Source:—Statistics by Contractors enumerated.

APPENDIX VI-G

COMPARISON OF ON-SITE AND OFF-SITE EMPLOYMENT IN THE UNITED STATES PER \$1,000,000 CONTRACT FOR SEVEN SELECTED CONSTRUCTION PROJECTS

A Type of Construction Project	B On-site labour, man-hours	C Off-site labour, man-hours	D Total of B and C	E Ratio of on- site to off-site labour (B to C)
Public buildings (1)	344,000	740,000	1,084,000	2.15
Water and sewerage projects (1)	387,000	760,000	1,147,000	1.96
Reclamation developments (1)	402,000	691,000	1,093,000	1.71
Bridge construction (2)	595,000	684,000	1,279,000	1.14
Concrete paving (2)	535,000	619,000	1,154,000	1.15
Bituminous paving (2)	814,000	601,000	1,415,000	0.73
Grading and drainage (2)	880,000	573,000	1,453,000	0.65

(1) Estimates from "P.W.A. and Industry", a Four Year Study of Regenerative Employment prepared by the Bureau of Labor Statistics of the United States Department of Labor in 1938, 75th Congress, 3rd Session, House Document No. 605, pp. 19 to 22.

(2) Estimates from "Labor Requirements in Road Construction", by Lillian Lunenburg, published in "The Monthly Labor Review" of the Bureau of Labor Statistics, United States Department of Labor, Washington, April, 1939.

APPENDIX VI-H

ON-SITE AND OFF-SITE LABOUR AND MATERIAL DATA AND SOURCE

1. On-site man-hours per million dollars of gross construction, cost average.....	525,000
2. Off-site man-hours per million dollars of gross construction cost, average.....	692,000
3. On-site and off-site man-hours per million dollars of gross construction cost, average of typical types of work	1,217,000
4. Ratio of on-site to off-site labour, average of typical types of work.....	1:1.32
5. Wages earned on-site per million dollars construction cost at average cost 60c. per hour	\$315,000
6. Wages earned off-site, materials including transportation, per million dollars construction cost	\$595,000
7. Approximate overhead and profit of contracting party, 9 per cent.....	\$90,000
8. Average cost construction materials including transportation for years 1934 to 1939 inclusive expressed in per cent..... (Appendix VI-E).	46.68%

APPENDIX VI-I

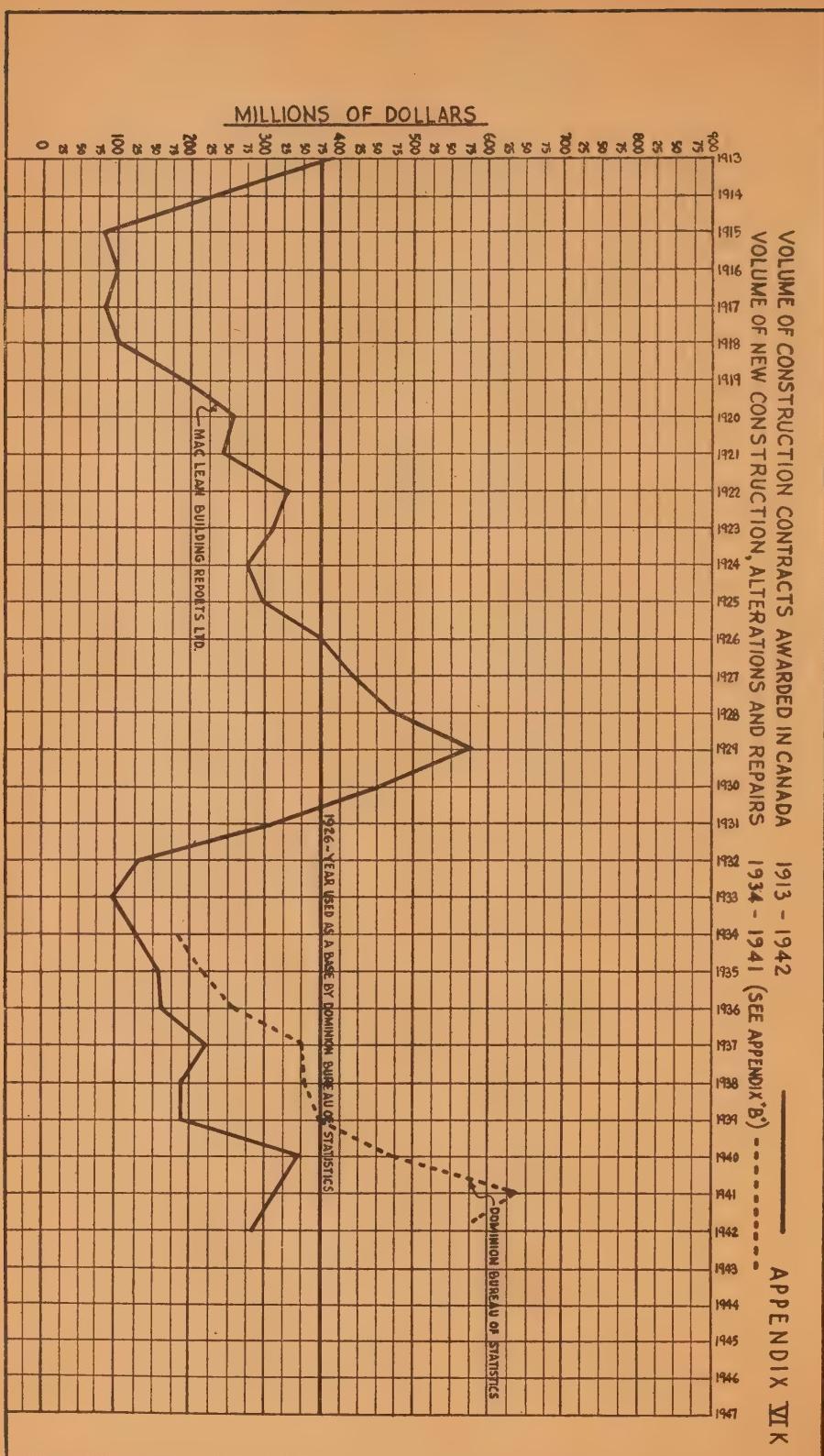
STATISTICS OF YEARS 1937, 1938 AND 1939 CHOSEN AS IMMEDIATE PREWAR YEARS
AND AS BEING PRACTICALLY CONSTANT

1. Average number wage earners yearly.....	124,246
2. Average wage earned a year.....	\$943
3. Average number salaried employees yearly.....	24,839
4. Average salary earned a year.....	\$1,343
5. Average number salary and wage earners a year, fully employed.....	149,086
6. Average earnings, salaries and wages a year.....	\$1,010
7. Average number salaried employees per million dollars of construction.....	68.6
8. Average salaries paid per million dollars of construction. (This item includes some profits paid to proprietors).....	\$92,130

Source:—Dominion Bureau of Statistics Survey, "The Construction Industry in Canada, 1939."

APPENDIX VI-J

	ESTIMATED TOTALS FOR VARIOUS	GROSS CONSTRUCTION	VOLUMES PER YEAR
1. Gross Construction Volume.....	\$300,000,000	\$400,000,000	\$500,000,000
2. Wages earned on-site at average wage 60c. per hour	94,500,000	126,00,000	157,500,000
3. Wages earned off-site at average wage 50c. per hour	103,800,000	138,400,000	173,000,000
4. Total wages earned	198,300,000	264,400,000	330,500,000
5. Salaries paid, including portion of profit to proprietors	27,640,000	36,850,000	46,065,000
6. Value materials and transportation of same, including wages involved	140,040,000	186,720,000	233,400,000
7. Total man-hours on-site	157,500,000	210,000,000	262,500,000
8. Total man-hours off-site	207,600,000	276,800,000	346,000,000
9. Total man-hours on and off-site	365,100,000	486,800,000	608,500,000
10. Number wage earner man jobs on-site per year @ average earnings \$943	100,000	133,600	167,000
11. Number wage earners engaged in on-site employment per year, allowing 15% for those in transit, injured, absent	115,000	153,600	192,000
12. Number salaried employees @ average earnings \$1,343	20,000	27,000	34,000
13. Number men employed off-site per year, ratio 1.32:1	152,000	202,400	253,000
14. Total number employed by expenditure of construction dollar	287,000	383,000	479,000
		575,000	575,000
		671,000	671,000
		767,000	767,000



APPENDIX VII

REPORT OF C. C. A. RECONSTRUCTION SUB-COMMITTEE ON LEGISLATION

Our Association recommends that control on construction and on the use of construction materials be removed as speedily as possible.

We recommend that the excess profits tax be re-examined in so far as the construction industry is concerned, having in view the "peak and valley" nature of the industry as well as the hazards thereof.

We recommend that the present allowable depreciation on equipment be re-examined with a view to revision which will permit of a write-off consistent with the normal life of various types of equipment.

As an added stimulus for post-war construction employment we recommend that materials generally used in the construction industry should be exempt from sales tax for a period of five years.

We recommend that consideration be given as to what measures could be taken by provincial governments and municipalities towards exemption from city taxes of all approved improvements for a limited period of years, subject, however, to the improvements being within the city limits and no new major services, etc., necessary.

Private industry is hesitant about spending money now on plans which may later have to be scrapped due to major changes in post-war financial policies. While the construction industry is well aware that it is not competent, nor is it their duty, to advise on this subject, it nevertheless feels that the government's post-war policy on reconstruction will have to be declared before planning on the part of private industries can be proceeded with to any great extent.

It is important that such industries should be encouraged to make plans and designs by allowing them to use their own funds up to 3 per cent of the cost of the proposed work, for such projects as are approved or certified by some suitable authority, such funds being deducted from the taxpayers' taxable income, sums so deducted automatically lapsing if construction does not proceed within a specified time.

Government policy on the disposal of government owned industrial buildings and equipment should be formulated and announced at the earliest possible date, so that private industries can decide on their post-war building plans. The necessity for orderly control of such disposal is here emphasized, including that for all temporary projects and temporary National Defence Buildings.

The government will also be holding huge stocks of used material and equipment at war's end; orderly disposal of these stocks is imperative if ordinary markets are not to be completely disorganized. Policy for preventing such a disaster should also be announced.

APPENDIX VIII
NATIONAL RECAPITULATION OF POTENTIAL Post War PUBLICLY FINANCED CONSTRUCTION PROJECTS (IN THOUSANDS OF DOLLARS)

	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewa-n	Alberta	British Columbia	Dominion Total
\$1,000	\$ 2,500	\$ 2,750	\$261,745	\$321,000	\$ 4,063	\$ 35,830	\$ 7,380	\$228,680	\$ 864,948	41,981
Highways, streets and subways			14,859	20,212	1,775	350	785	4,000		
Bridges	...	...	170	24,186	109,897	2,607	635	1,245	11,796	161,036
Buildings	500	1,100	34,335	48,722	6,040	900	1,225	5,225	93,247	
Sewer and aqueduct projects	...	...	700	97,875	145,031	20,210	43,200	68,080	700	375,096
Conservation	...	3,193	15,054	20,072	51,548	113,588	52,004	93,973	41,512	452,528
Railroads ¹	...	...	...	...	...	...	...	...	...	...
Federal Public Works ²	...	...	...	...	...	...	...	...	...	...
Transit facilities ³	...	5,000	32,000	183,000	208,000	38,000	50,000	44,000	44,000	630,000
Housing	...	...	...	...	...	...	...	...	...	...
Total money proposed ⁴	\$9,193	\$51,154	\$49,892	\$667,548	\$961,450	\$124,699	\$224,888	\$184,299	\$335,913	\$2,608,836

1 Railroads:—This is the construction portion of Canadian National Railways and Canadian Pacific Railways Post War Program.

2 Federal Public Works:—No information available to date.

3 Transit facilities for Montreal and Toronto are estimated at over 100 million dollars.

4 At least 100 million dollars additional to the above should be considered for municipal improvements in many cities, towns and townships, which have not yet completed their programs, and for which no figures are available.

Some of the work included above is based on requirements extending over periods up to ten years. There is a substantial amount of proposed or potential works for which no figures are given and which are not shown in the above totals, but which do appear in the supporting Schedule of Works.

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SESSION 1943

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 30

FRIDAY, NOVEMBER 26, 1943

WITNESSES:

Hon. E. C. Manning, Premier of Alberta;
Hon. N. E. Tanner, Minister of Lands and Mines, Alberta.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

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MINUTES OF PROCEEDINGS

FRIDAY, November 26th, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10.00 o'clock a.m. Mr. J. G. Turgeon, the chairman, presided.

The following members were present:—Messrs. Authier, Bence, Bertrand (*Prescott*), Black (*Cumberland*), Castleden, Ferron, Fraser (*Northumberland*), Gillis, Hill, Jean, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—24.

The chairman introduced Hon. E. C. Manning, Premier of Alberta; Hon. N. E. Tanner, Minister of Lands and Mines, Alberta, and Mr. D. E. C. Campbell, Director of Publicity Travel Bureau, Alberta.

Premier Manning apologized to the Committee for his brief having been inadvertently published in the press before it was presented to the Committee. He then presented his brief.

Questions were deferred until the afternoon meeting.

The committee adjourned at 12.30 to meet again this day at 2.30 p.m.

FRIDAY, November 26th, 1943.

The committee resumed at 2.30 o'clock, p.m. Mr. J. G. Turgeon, the chairman, presided.

The following members were present:—Messrs. Authier, Bence, Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Ferron, Gillis, Hill, Jean, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—24.

In attendance were:—

Mr. W. S. Woods, Associate Deputy Minister of Pensions and National Health;

Mr. Gordon Murchison, Director, Soldier Settlement of Canada and Veterans' Land Act.

Premier Manning was recalled and examined.

Hon. Mr. Tanner was called and examined.

On motion of Mr. MacNicol a vote of thanks was passed for the splendid presentation made by the witnesses. The chairman tendered the vote of thanks to Premier Manning and Mr. Tanner and expressed the appreciation of the committee for the evidence submitted.

The witnesses retired and the committee adjourned at 5.00 o'clock, p.m. to meet again Saturday, November 27th, at 10.00 o'clock a.m.

J. P. DOYLE,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
November 26, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10 o'clock a.m. The chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: Gentlemen, we have with us to-day, as you know, Premier Manning of Alberta and one of his Ministers, Mr. Tanner, and Mr. Campbell. There is another gentleman who is not here. I am going to ask Mr. Tanner to give us his brief. He has a few remarks that he wants to make before he reads his brief in connection with an unfortunate publication of his brief before it appeared before this committee. I will now call on Premier Manning. I made a mistake yesterday. I did not know that Premier Manning was in town and I got your consent to meet at 11 o'clock instead of 10 o'clock. I thought he might be coming in at 9 o'clock and would not be ready for 10 o'clock. We have been closing at a quarter to twelve, but I am going to suggest to-day that we go until 1 o'clock and then meet in the afternoon at 3 o'clock for questioning if that is satisfactory to the members. I will now call on Premier Manning.

Hon. ERNEST C. MANNING, Premier of Alberta, called.

The WITNESS: Mr. Chairman and members of the committee: first of all I want to express our thanks and our appreciation at having received an invitation to make this submission to you, and to assure you we are most deeply interested in the work of the committee and most anxious to co-operate in every way that we can in supplying information that we trust will be of some help to you in the very important job that you have to do. The chairman has made reference to the article that appeared in last night's *Journal*. I have here a copy of the paper which contains the item referring to the brief that we are to submit to you. I feel called upon to complain concerning the publication of this article in advance of the presentation of our brief to this committee. Copies of our submission were forwarded to the committee in advance at the chairman's request, as you know. Not only as a courtesy to members of the committee but in compliance with the long established rules of parliamentary procedure we have refused repeated requests from the press and from others for copies of the brief before it was submitted. We have declined even to comment upon it prior to its presentation to this committee. In the premature publication of this article the *Journal* has shown a gross discourtesy to this committee and is guilty of a serious breach of faith with the other members of the press. Furthermore, the nature of the *Journal's* reference to the brief indicates a superficial and flippant attitude towards the whole serious question of post-war reconstruction and the labours of this committee and other committees across Canada. I just want to say, gentlemen, that we regret very much this premature publication in the *Journal* to which we have referred. The brief of which you have already copies is headed "Alberta's Post-war Reconstruction Projects and Problems." I may say, gentlemen, there are a few minor errors in the original mimeographed copies. I will call your attention to them as we proceed to read the brief.

Mr. Chairman, and members of the committee: I appreciate very much this opportunity to place before you, as your chairman has requested, "a frank expression of opinion concerning conditions" in Alberta as I "expect them to be at the end of the war" and, as your chairman requested in his letter of October 12, "to make suggestions as to the best means to meet those conditions." I have

read the interim report of your committee as presented to the House of Commons on June 23rd and have studied particularly the submission placed before you by Hon. Stuart Garson, Premier of Manitoba, on June 2nd. At that time he was advised that "primarily the job of this committee is to survey projects that will provide jobs." I must agree with Premier Garson's remark upon that occasion when he said, "as a matter of fact, the bottleneck today is finance."

Before we can plan for the post-war period in any particular, before we can plot our course for the development of natural resources and industries which may provide employment and incomes, we must survey those resources and opportunities which we now possess, examine what already has been done with them and ascertain what may be done to utilize them further. Finally, we must give careful consideration to those conditions or circumstances which may arise in the form of problems or obstacles as we proceed with our plans for improvement.

Therefore, my colleagues and I have planned to make this presentation by progressive steps under correlated headings consecutively arranged in order to save your time and to restrict our submission solely to those matters which concern this committee. Under the heading of physical assets, I intend to discuss (1) our natural resources, their extent and diversity, to show where, other things being equal, they could employ larger numbers of persons; (2) industrial development as it pertains to agriculture and other industries to show how they may be expanded and enlarged to provide more and larger incomes for those who may be engaged in them; (3) our transportation facilities and the problem of rate structures because this has a most important bearing upon the development of our natural resources and our industries; (4) a review of what may be undertaken in the expansion of public works in which many may find employment; and (5) the problem of social services, which although not a specific designation in the terms of reference of this committee, may provide a source of employment. In other words, my remarks upon this topic will be confined to the physical requirements involved, in the expansion of, for instance, education or hospitalization and health services rather than to discuss the nature or the need for such improvements. All of these matters may be classed as physical in contrast to those which may be classed as financial.

My submission in respect to financing will include suggestions which my colleagues and I consider essential to the implementation of those suggestions which pertain to the physical.

NATURAL RESOURCES

Extent and Diversity

Land

When we think of rehabilitating the members of our fighting forces, our thoughts turn first to land settlement and we are prone to look at the vast open spaces on the map and pin great hopes upon them. Actually, very little exact information is available regarding Alberta's agricultural lands. No doubt Alberta contains more land not in use and suitable for settlement than does any other Province but with the shortage of qualified personnel due to war conditions it would be impossible to undertake and complete a soil survey in time to meet the needs of post-war re-establishment. Obviously it would be unfair to expect the Province to finance the costs of such an extensive survey and soil classification as a part of a national land settlement programme. I cannot emphasize too strongly the imperative need for the accurate information which such a survey would supply if we are to effect an economical and permanent

settlement of our agricultural land devoid of all the errors and waste effort which marked a similar ambition after the last war.

The total area of Alberta is about 163.3 million acres of which 4.1 million acres are under water, leaving approximately 159.2 million acres. Alienations by title to railway companies, the Hudson's Bay Company, homesteads, soldiers' grants, sales, etc., account for some 48.4 million acres and there are under lease more than 4.4 million acres. Other dispositions for dominion parks, forest reserves and Indian reservations account for another 26.5 million acres which leaves an area of ungranted lands of approximately 79.9 million acres. Insufficient though they have been, exacting soil surveys reveal that we have about 12.5 million acres of brown soil, partly irrigated in the south of which 2.7 million acres are under cultivation. Experience indicates that under dry farming conditions no more land in the brown soil zone should be brought under cultivation. About 508,000 acres are under irrigation in that area and are practically all occupied, averaging 116 acres per farm unit. It is estimated that under irrigation schemes already surveyed, an additional one million acres might be brought under water economically. In addition there is the Pearce irrigation project on which the surveys as yet have not been completed, but which should add another large irrigable area. Assuming that one hundred irrigable acres are sufficient to maintain a family, a total of at least 9,600 additional families might be accommodated on the land already surveyed at an estimated average irrigation cost of approximately \$44.00 per acre. Experience indicates that this area would accommodate an additional population of about 80,000 persons engaged in distribution, industries and general business arising out of production from our land. It is imperative that the major portion of these costs be borne by the senior government.

As contrasted with the brown soil area, we have approximately 8.5 million acres of dark brown soil of which 4.2 million acres are fair to good arable land. About 3.8 million acres of this land are already under cultivation which leaves approximately 400,000 acres available for settlement so consequently there is not much room for big expansion in the brown soil areas.

The shallow black, black and transition zones (which lie between the black and grey wooded zones) contain an estimated 17 million acres of which 16.5 million acres are occupied and 8.7 million acres cultivated. There is no accurate information as to the amount of arable land within these zones but it is reasonable to assume that a considerable number of the ranches in the foothill district southwest of Calgary lie within the shallow black zone and could be cultivated, but only for the growing of feed. Furthermore, this soil is very susceptible to erosion. It would be very detrimental to the livestock industry to cancel these leases and make the land available for cultivation. This is a livestock district and it is necessary for each unit to be of sufficient size to support reasonably large herds on native grasses and to include also some cultivated area for feed growing purposes. It is probable that there are undeveloped parcels of black soil land in the Edmonton district which might take care of increased population and that a number of farms now operated by men of retiring age might be purchased by or for new settlers in this area.

Considerable attention has been focussed upon the Peace River and Grande Prairie districts in the northwest portion of Alberta. Excluding the area already occupied, it is estimated from reconnaissance surveys that there are about 5,500 quarter sections of parkland and first class grey wooded soils in the Peace River-Grande Prairie districts and that in this area there are also about 14,500 quarter sections of second class grey wooded soil. It is further estimated that there are 2,500 quarter sections of first class and 12,500 quarters of second class grey wooded soils in the Fort Vermilion district. This makes a total of 35,000 quarter sections available and suitable for settlement. When a road is completed between Hines Creek and Fort St. John, it will open up to the largest good area at present unsettled.

At this point I wish to voice a note of warning expressed by informed persons who base their opinions on long and careful study and knowledge of the north. Great care and foresight will have to be exercised in the settlement of the Fort Vermilion area. Over a long period, the precipitation there has been approximately one and a half inches less per year than at Medicine Hat. However, due to the tree growth, the evaporation is lower and, consequently, a greater use is made of moisture. If the Fort Vermilion district were denuded of its trees, it is quite possible that drought conditions might result. Even now, sage brush is quite prevalent in the valley of the Peace River and cacti plants grow in several places also. Because of its dry climate, the winters in this area are no more severe upon human beings and live stock than are those of southern Norway which lies in the same latitude, yet the long summer days of the north often vie with the climate of Texas for heat and cloudless skies.

From all of these circumstances which, though based upon estimates and approximations only, are to the best of my knowledge fairly accurate, it will be clearly evident, that any reasonably effective settlement on some comparatively large scale in Alberta may be expected only in the Peace River and Fort Vermilion areas in the north and in presently unirrigated, irrigable, areas of the south. Such development in the north will depend largely upon the development of the richly mineralized areas of the MacKenzie River Basin and upon transportation facilities. The present construction road from Peace River to Providence and northward to Norman Wells may well be the forerunner of an important trunk highway which the present government of Alberta advocated as early as 1935 and in the building of which, in 1939, we co-operated with the dominion government on a dollar-for-dollar basis upon that portion of the route which lay within our jurisdiction.

The people of Alberta are keenly interested in and concerned about the development of the Mackenzie river basin. Because of our proximity to the vast wealth which it holds; because Alberta's industrial development in the future may depend so much upon those widely diversified and extensive metallic minerals which have been discovered there, we urge that the far north be protected from monopolization and exploitation by and for powerful vested interests at the expense of the people of Canada. We further trust that this committee will request, if not require, those presently responsible for the administration of the Northwest Territories to place before you, and therefore upon public record, all that is presently known about the resources and possibilities of those territories in order that this committee may include the far north in any recommendations which it may make for post-war reconstruction.

I have one more aspect which is important in respect to the problem of land settlement in Alberta. Settlement in the north of the province will depend upon sane land clearance which, no doubt, may be carried out in conjunction with settlement itself. Settlement in the irrigable areas of the south requires only the implementation of those irrigation projects already surveyed and recommended as practical post-war enterprises. In any land settlement program it should be remembered that besides soil there are other factors such as climate, social services, markets, transportation and so forth which should be considered.

In summarizing the potentialities for land settlement, I may say that the estimate of 9,600 families on irrigable land in the south is based upon factors which are more or less known. No such information is available when considering the settlement potentialities of the estimated 35,000 available quarter sections in the north. The average farm in the Peace River district contains about one section of land. On that basis and under existing conditions of markets and transportation it would seem unlikely that more than 9,000 families may be accommodated there. Therefore, I would urge extreme caution in proceeding with any plan which, including these two totals and a reasonable allow-

ance for settlement on purchased land, involves the projected settlement of more than 20,000 families on land in Alberta during the post-war reconstruction period.

Forests

From the beginning of time, the watershed known as the east slope of the Rocky Mountains has been a most vitally important natural structure in western Canada and its forests are the most important and, at the same time, the most vulnerable of Alberta's natural resources. With agriculture in the lead, forests are Alberta's second largest revenue producer. Without them, the western prairies would long since have been a desert. I need not expand upon the functions they perform as conservators of moisture and regulators of our water supply. But it is apparent that policies governing forest areas throughout Canada are due for a complete overhauling. Our forests should be considered and treated as a sylvicultural crop, which they truly are, instead of a product to be mined. When such a policy is adopted and followed, our forests will hold an unexcelled promise of post-war settlement because instead of granting timber concessions to persons who take this generation's timber crop and leave the crop that rightfully belongs to the next generation to chance and a beneficent Providence, we will settle in our forests families of foresters and forest users to plant and raise timber upon the slashings of to-day even as our farmers plant and raise grain upon their stubbled fields and summerfallow. For the meagre consideration of the monetary return from a few timber berths, the province of Alberta bears the entire cost of guarding for the benefit of all the prairie provinces more than 14,000 square miles in the forest reserves and over 145,000 square miles outside the reserves. Statistics show that ninety-five per cent of losses from fire are due to human carelessness. It also is a fact that during the past decade those losses in Alberta have amounted to more than \$6,700,000 in damage to timber to say nothing about damage to soil, loss of wild life and fire fighting costs.

Our greatest difficulty in combating forest fires lies in the inaccessibility of many densely forested districts. To fight fires more effectively we must have more roads and more ranger stations; we must have better lines of communication; we must have a long term plan for reforestation, and we must have better facilities for research and experimentation. These problems provide a rich field for the energies and ingenuity of this committee.

The Alberta government has worked out calculations in connection with projects which should be carried out. On the building of roads in one forest reserve we have employment for 93,500 man days; on the erection of buildings and cabins we have 900 man days; on forest boundaries we have 400 man days; on the construction of trails 2,000 man days; on the construction and repair of telephone lines and radio service, 1,300 man days; on entomology and pest control we offer 400 man days; on planting 3,000 man days and on the creation of sample plots 375 man days or a total of 101,875 man days in the Crows Nest Bow River reserve alone. In the Clearwater reserve, on a similar basis for work on roads, cabins and building, boundaries, pastures, trails, towers, telephone lines and so forth we offer you 162,646 man days. Similarly in the Brazeau Athabasca reserve we offer you 17,460 man days. In the northern forested areas we have labour requirements for 280,321 man days. In short, sir, including those items which I have mentioned, we have calculated that we have immediately available post-war employment for 847,325 man days in nine forestry projects, and I may add that when this number of man days is expended further project can still be carried on. I trust that this is the sort of information you want. We have gone to considerable trouble and expense to supply it and our engineers and forestry experts have all the details which are at your disposal if

you so desire. I do not propose to take your time now to expand upon them but we feel that these projects should be carried out.

Coal

It is estimated conservatively that more than 85 per cent of Canada's available coal reserves lie in Alberta but my colleagues and I are not prepared to suggest to what extent coal may enter into post-war rehabilitation and employment until we have more information about future federal and international industrial policies. In addition to using our coal as a source of heat and power, technological developments have advanced rapidly and widely in the realms of hydrogenation and hydroelectricity. Were I to adopt the short term viewpoint I might possibly lay before you the just claim of Alberta coal to a more prominent place in the markets of Ontario and thereby place before you all the arguments regarding subsidies and freight rates which are an old story. Rather would we say that, if it is more economical to Ontario and to the people of Canada as a whole to import Pennsylvania coal into the east, by all means do so but, if Providence has laid the lines of coal supply in the east from a southern field to a northern market, it should be borne in mind also that He has reversed the direction in the west by placing the supply in the north and a large market in the south and no man-created imaginary boundary can stand long in the future to thwart the economical exchange of resources between peoples who, in war, have learned to set boundaries and selfish interests aside. Alberta's coal should roll freely into Ontario of course, but it is even more logical in the natural economy that it should roll into Montana, the Dakotas, Wyoming and the Pacific Northwest States.

Our richest and more desirable coal reserves, still untapped by any kind of transportation, lie untouched beneath the eastern slopes of the Canadian Rockies and we trust that, when the time comes for them to yield their blessing to mankind, human ingenuity will have devised ways and means of production which will eliminate completely the burdens of human toil and the dangers to life and limb which are now the lot of those who labour in the pits.

From the viewpoint of post-war reconstruction, I may say that Alberta's coal mines presently employ approximately 9,000 persons, and this number could be doubled or trebled by the increase of industrial activity in Canada or by the subsidization of production and the readjustment of freight rate structures with which I will deal later under the headings of industrial development and transportation.

Immediate employment in respect to coal in the post-war reconstruction period may have more possibilities in the realm of chemistry. Upon the development of about 126 by-products of coal, as presently known, may rest the solution to many of our rehabilitation problems.

In Canada we are still in the horse and buggy days so far as scientific knowledge of coal and its uses are concerned. In other countries research workers are continuously working to get the maximum efficiency of energy and the largest possible number of products from coal. New tests by the United States Bureau of Mines have produced ammonium sulphate, benzine, toluene, tar, naphthalene and anthracene which are factors in the manufacture of explosives and other war materials. I would urge, therefore, an immediate and intensive investigation of Alberta's potentialities in respect to the manufacture of medical compounds, dyes and perfumes, etc. I project for your consideration the fact that a ton of Alberta coal supplied to an Ontario furnace may present a knotty freight rate problem but a ton of Alberta coal supplied to an Ontario debutante in the form of perfume may be shipped by air mail with greater largess to the producer and less danger to the miner. Unlimited possibilities lie in the field of research so far as Alberta coal is concerned and in this field of research alone, to say nothing of production, there lie innumerable opportunities

for the post-war employment of large numbers of Canada's student body who temporarily have set aside text books for rifles but whose specialized training should be efficiently utilized after victory for the good and welfare of mankind.

Oil, Natural Gas and Oil Sands

Geologists tell us that the largest natural gas closure in the world lies under the soil of Alberta, and that approximately 10,000 of Alberta's 30,000 square miles of oil sands which are immediately available for economical production hold the answer to the world's fuel supply problem for the next hundred years. In the development of these natural resources lie wide possibilities for the employment of persons within wisely devised plans for reconstruction and they, in turn, may give gainful employment to thousands of others engaged in industries dependent upon the conservative expenditure of these irreplaceable resources.

May I submit for your consideration at this point a few pertinent facts concerning the extent and value, at least, of the bituminous sands of the Athabasca River Valley, and their consequent potentialities for providing employment.

Geologists of the Dominion Department of Mines and Resources declare that, long after the deep well fields of Texas, California, Borneo, Russia, and the Near-East and South America have been exhausted, the bituminous sands of Alberta will be supplying the world's requirements of fuel oil. By exact tests by the United States Bureau of Standards the bitumen obtained from these sands is superior to any other for the manufacture of synthetic rubber because it has a ductility of 150 centimetres as compared with the ductility of from 11 to 15 centimetres of a similar product from the deep wells of Texas and other fields. The vision of 100,000 barrels of oil per day flowing through pipelines to tide water from the oil sands of the Athabasca River Valley is not a dream but an objective. In the development of these oil sands lies employment for thousands of our repatriates, not only in the sphere of production and refining but in those wide spheres of pipe line construction and maintenance, to say nothing about the limitless scopes of employment in subsidiary industries which require oil.

The chronic shortage of money is the only serious obstruction to the post-war paving of every highway and every airport in western and northern Canada with Athabasca oil sand asphalt which, by tests over the past twenty years, has been proven immeasurably superior and more durable than any yet produced by refineries of oil from deep wells. After this war, more than ample suitable road building equipment will be available and the materials are unlimited.

Salt, Silica and Clay

The salt beds of the MacMurray district whose yield averages approximately 99 per cent pure salt, and underlie a large area approximately 200 feet thick and at a depth of about 700 feet underground, have not yet been fully explored but from estimates based on presently known facts it is evident that this area contains some 30 million tons or sufficient to meet the entire demand of the dominion for the next 60 years on the basis of present consumption. These deposits may not, in themselves, contribute large opportunities for employment but they do hold great possibilities for employment in chemical and manufacturing industries.

Redcliffe and Medicine Hat plants are now producing a considerable amount of the glassware used in Canada but silica sand is being imported at great cost. There are large deposits of silica in the Banff National Park and within a few miles of both permanent highway and railway facilities. A regulation prohibiting mining operations within the park precludes the use of this silica at present but, since the production of silica does not, necessarily damage the countryside nor mar the beauties of the region, steps should be taken immediately to amend the regulations in this respect and place the

Banff silica at the disposal of industry. Alberta's clays are numerous in variety and excellent in quality. Bentonite from Drumheller has replaced the imported product used as rotary drilling fluid in the drilling of deep oil wells. Potteries at Medicine Hat have been manufacturing clay products for many years and, of course, there is an ample supply of clay for the making of brick, electrical insulators and so forth. The further development and utilization of these resources will provide gainful employment to a large number of workmen who have gained industrial experience in wartime industries.

Fish and Game

Aside from the recreational aspects of fishing and hunting which employ permanent staffs of wardens and guardians, we have in Alberta a healthy condition in the commercial aspects of both fishing and fur farming. We now supply markets as far distant as Chicago and New York with white fish and other species taken from our deep, cold clear-water northern lakes and we need immediately, greater facilities for fish hatching and rearing and for experimentation. Alberta took the lead in searching for a solution of the infestation problem which is threatening to exclude us from the United States market. During the past year, the Dominion Government and the provinces of Manitoba and Saskatchewan also became alarmed and an investigating committee recommended that two experimental stations be set up, one to handle packing, shipping and marketing problems and the other to investigate further means to overcome infestation. We trust that, because of the lead we took in this work, the biological station will be placed in Alberta and that thus, it will be possible for us to employ a number of men, not only in the station but in investigation work to be carried out at a number of infested lakes. This work should be undertaken immediately because it is spade work which must be done before post-war expansion can take place. The construction of several new roads in the north has opened a large number of lakes for commercial fishing and it is expected that, after this war, a large number of aircraft will be available to aid in northern transportation. Aircraft have already been used extensively to bring out fish for the eastern markets so with these possibilities looming as post-war considerations, we may expect to employ a larger number of men in these occupations.

Aircraft also will play an important part in the exportation of fur from the north. In the further development of the fur trade and, particularly, fur farming, there may be considerable opportunity for greatly increased employment. Alberta now holds the second place among the provinces of Canada in respect to fur farming because its climatic conditions are excellent and there is an adequate food supply. Alberta has large areas of submarginal land, close to highways, railways and other social services which are suitable for fur farming and we can accommodate a large number of settlers who may desire to engage in this field. At present we have about 1,100 registered fur farmers and about 2,000 registered trap lines in Alberta and we could speedily and economically accommodate as many more with the possibility of further expansion as and when men adapted to these vocations can be trained.

INDUSTRIAL DEVELOPMENT

Agriculture

One difficulty in approaching the contribution which agriculture may make to post-war reconstruction is the lack of a clear understanding of the scope and component parts of agriculture. A clarification of the administrative concept of agriculture from a national and provincial point of view would do much to harmonize understanding and to secure united action.

In so far as Alberta is concerned, many activities pertaining to agriculture already have been dealt with, but within the field of employment and absorption of men from the armed forces and war industries, the following limited possibilities may be found within the field of agriculture.

(1) The establishment of three additional schools of agriculture to provide adequate agricultural training for men and boys reared on the farm and who anticipate entering agriculture as a vocation. Such schools would require a staff of approximately sixty persons, and would cost in the neighbourhood of \$750,000.

(2) The engaging of one hundred or more district agriculturists. This service should be based on approximately one district agriculturist to every eight hundred to one thousand farmers. Their responsibilities should be increased and should be more closely associated with basic problems affecting agriculture.

(3) It is estimated that approximately 10,000 dwellings should be constructed on farms as a prerequisite to hired help required upon the farms of the province. The providing of such facilities would greatly contribute to a solution of the farm labour problem.

(4) There is scope for the rebuilding or remodeling of approximately 20,000 farm homes to provide modern facilities and conveniences.

(5) The construction of 500 refrigerator lockers in rural communities for the conserving of food, etc., and the improvement of nutrition standards. Such facilities are highly desirable in rural communities.

(6) The appointment of municipal road supervisors to utilize unused road allowances for the purpose of providing feed and forage for emergency reserves in cases of drought or crop losses within municipalities. At present large areas of land are not utilized and are a source of weed infestation and constitute an economic loss. It is suggested that if municipal authorities would provide sufficient of these lands under contract they might become a source of revenue and a stabilizing factor in meeting emergencies.

(7) The conducting of surveys and investigations into agricultural resources, including land, forest, game and fish for the purpose of determining their most effective utilization.

(8) The establishment of a western division of the National Research Council to aid in the foregoing.

(9) The utilization of waste products from the farm, including straw, weed seeds, animal by-products and the establishment of reserves of feed grain, seed grain and fodder in years of surplus and low prices, to meet agricultural needs on a maintenance basis rather than a subsistence basis.

Arising naturally out of agriculture we have many industries such as meat packing, flour milling, sugar refining, woollen mills and so forth. In the majority of such industries Alberta has made splendid advancement during the past four years, admittedly due largely to war-time demands. Employment in many of these industries, particularly meat packing, has shown a marked increase. In fact in some of them we have experienced severe manpower shortages. At present 2,683 men and women are employed in 13 packing plants. If these industries are to continue to flourish and supply employment it is essential that those markets which they have gained and any assistance by way of bonus, subvention or freight rate considerations which they may have enjoyed, be maintained. We have followed with keen interest the words of experts on post-war food demands in Europe and elsewhere but there is a strong feeling throughout Alberta that, in order to rehabilitate many European peoples upon their own soil, markets which we have enjoyed will be opened to them by international agreements, and that, consequently our own industries will languish. It is self evident that if, for instance, our bacon market is to be returned to Denmark, other markets should be made available to our

producers and, since this involves international relations, the Dominion Government should take immediate action to this end. If our returned men are to be placed in employment it stands to reason that this task will be less complicated if the labour market can be kept cleared of those already employed. This applies particularly to the meat packing industry which, in turn, greatly increases the demand for farm labour and creates a healthy diversity in agriculture.

What applies to meat packing also applies to flour milling in which about 800 are employed in 95 mills. Dominion trade agreements must safeguard these industries by assuring continued markets.

Before passing on to sugar, wool and some other industries, mention should be made of the many employment possibilities which lie in the field of research. A dominion committee under the chairmanship of Dr. R. Newton, president of the University of Alberta, has been reviewing the possible uses of agricultural products in industry. Development of such industries would not only provide much employment but would add further stability to farming. Alberta's abundance of coal, natural gas, petroleum and so forth could be complimentary to such use of agricultural products. We recommend, therefore, that the Dominion Government establish in Alberta such experimental plants as will demonstrate the use of all such products in industry not only with a view to giving persons employment in such research but to increase the possible employment of others in all industries which might be expanded thereby.

Two sugar refineries in southern Alberta will produce about 120,000,000 pounds of sugar this year. Although dependent upon irrigation here is a kind of intensified agriculture which employs a relatively high number of employees per acre in cultivations. The production of sugar also requires the production of large quantities of coal, lime and so forth. Much can be done through improved methods and mechanization to expand this industry and thereby increase employment in it and in industries associated with it. We, therefore, recommend that the Dominion Government give every possible assistance to this end as part of its national post-war program.

The manufacture of woollens in Alberta if properly developed, could give steady employment to large numbers. Our climate is excellent and we have large tracts of land suitable for sheep raising. The local manufacture of a larger amount of goods from raw products of the farm not only can reduce agricultural production costs but can provide employment for an increasingly large number of persons in associated industries. The manufacture of woollen goods comes under this heading. It is possible that many skilled artisans in this industry who have been bombed out of homes and businesses in the United Kingdom might be keenly interested in re-establishing themselves and their craft in Alberta and that they, in turn, may provide employment for many others. We urge that the Dominion Government investigate this possibility carefully and intensively. We recommend that the Dominion Government consult with the various provincial departments of agriculture with a view to establishing an adequate long-term policy for the protection and encouragement of the sheep and wool industry in Canada.

One of Alberta's most serious problems is excessive freight rates which we are obliged to pay on our exported primary products and on our imported processed goods. While we insist that an equitable adjustment of the freight rate structure is necessary and imperative, we also contend that the situation can be greatly relieved by bringing industries to our sources of supply especially since they are adjacent to an abundance of natural fuel and power.

I have already mentioned our deposits of silica which is a very important resource in the manufacture of commercial glass on a large scale. It should also be recognized that there are unexplored possibilities in the manufacture of such articles as fine optical lenses, etc. The manufacture of such products

would give employment to more Canadian people and what is true here applies with equal force to the manufacture of chemicals and other commodities at the source of supply. Therefore we urge that the Dominion Government fully explore the rich fields of talent and skill which lie bombed out in the United Kingdom and in Europe with a view of encouraging artisans whose trade has been a family tradition for generations to come to our sources of supply in Western Canada. In this sphere lies our greatest hope for future industrial development on a sound and permanent basis.

Arising out of all these industrial opportunities comes the urgent need for orderly marketing if we are to reach and maintain the attainable high levels of production. We recommend that the Dominion Government enact marketing legislation which will assist in promoting orderly marketing.

In Alberta we have another industry which, if properly developed, will be a great asset in our post-war economy. I refer to our tourist trade. There is no better market for Canadian production than that which provides its own transportation, wipes away tariff barriers, and comes to our door to buy but takes away its product without expense to the seller. The tourist pays cash for what he buys and leaves in our hands the chief product which he came to enjoy, namely, our scenery and other tourist attractions. Alberta is most fortunate because within our borders lie the dominion's most magnificent and most extensive national parks and because of the direct benefits which we derive we shall be willing and eager in the future as in the past to contribute our share toward the development of this great industry. It is not by any means beyond reason to expect that within a reasonable period after the war the tourist trade in Alberta will be bringing from eighty to a hundred million dollars of foreign exchange into Canada, but, if it is to flourish to that degree and if it is to give permanent year-round employment to a large number of repatriated personnel, it must be promoted properly. We recommend that the Dominion Government encourage tourist travel on a scale larger than ever before by direct solicitation and publicity and facilitate its growth by the complete removal of red tape and petty irritations incidental to the entry of visitors to Canada particularly from the United States.

Arising out of war conditions and also incidental to the building of the chain of air ports linking Edmonton with the Yukon and Alaska and the accompanying construction of the Alaska Highway, there are now situated in Edmonton large establishments for the repair of aircraft. These are under the management of men long and well experienced in northern flying. Widespread aviation experience indicates that Canada will be an important avenue for world-wide air travel with Edmonton and other northern points playing important roles on these routes. The largest aircraft repair plant in Edmonton employs approximately 2,400 craftsmen and women. More than 75 per cent of the work done there is on aircraft whose flying time has expired and which must be completely overhauled and reconditioned before these craft may be put into service again. That type of work will have to continue after the war and if aerial transportation develops as expected in the post-war period, expansion rather than contraction of this work will take place. We recommend, therefore, that as part of Canada's post-war reconstruction program, provision be made to incorporate Edmonton's extensive aircraft repair establishments as component parts of Canada's participation in world-wide air transportation.

In developing a balanced economy in Canada as between agriculture and manufacturing and in determining tariff and fiscal policies it is imperative that the position of western Canadian industry be kept constantly in mind. Unfortunately this has not been done in the past. This has made for an unbalanced economy and has resulted in the neglect of the industrial utilization of the natural resources of western Canada. An impressive illustration of these facts is to be found in the compilation of war contracts awarded by the Department of Muni-

tions and Supply to June 30, 1943, which shows that more than 77 per cent of such contracts were awarded in Ontario and Quebec. Alberta's allotment has been only 1·6 per cent. The conclusion is inescapable that there should be a national program designed to decentralize industry. If it is your desire to assure maximum employment after the war, western Canada, and particularly Alberta, offers great possibilities under an equitable national program of industrial development. This brings us to the question of transportation.

TRANSPORTATION

Facilities

I do not propose to discuss transportation facilities at length because I assume that the railway and trucking companies will present to you their views on ways and means to increase employment in their own lines of business. The freight rate problem is so involved as to be positively bewildering to the lay mind, but you will agree with me that it is ridiculous that freight rates on coal from Drumheller to points within a 700 mile distance are 62 per cent higher than rates which apply on coal for a similar distance from Montreal.

Here is one of many similar cases in which this utterly fantastic situation is dramatically revealed. An eastern manufacturer of flannelette blankets can freight car loads of his product all the way over the mountains to Vancouver and then bring them back to Calgary or Edmonton cheaper than he can freight them to Calgary or Edmonton direct. The rate on this product in a cotton goods car to Vancouver is \$1.75 per 100 pounds. To Edmonton and Calgary the rate is \$4.53½ per 100 pounds. This actually permits the reshipping back from Vancouver to the town of Holden, 60 miles east of Edmonton, at a combined rate which is less than from eastern Canada to Edmonton. Canned goods move from the east to Vancouver for \$1.50 per 100 pounds but to Calgary or Edmonton the rate is \$1.98. On a ton mile basis, the Calgary rate is 200 per cent of the Vancouver rate. Similarly such commodities as baking powder, confectionery, dry goods, hardware and tools, boots and shoes, paints and varnishes enjoy relatively low commodity rates from eastern Canada to Vancouver but take the higher class rates to Alberta points. Barbed wire, an important item in farm costs, carries a rate of 75 cents to Vancouver but the rate to Alberta points is \$1.98.

The explanation given is that of ocean competition, but how valid is this argument? If a carload of barbed wire can be freighted to Vancouver for 75 cents because competition renders that rate necessary, by what stretch of imagination or justification can a rate of nearly \$2 be charged on the same load to Alberta? It is obvious that these discriminatory freight rates were framed to get for the railways all that they could, rather than what they should. Such a policy is not a foundation upon which a strong industrial Canada can be built and, what is of more immediate importance to this committee, it is not a policy which will permit the development of western industry to provide opportunities for employment after the war. Because of this aspect of the situation we suggest that it is the duty of this committee to take all necessary steps to assure that the entire freight rate structure be revised upon a basis which will be equitable to all parts of Canada. (References: Canadian Pacific Railway statements submitted to the Board of Railway Commissioners enquiry under P.C. 886 in 1925; R. A. C. Henry and associates in their submission to the Royal Commission on Dominion-Provincial relations, pp. 253 to 265, schedule 25 on class rates... in effect 1898 to March 15, 1938.)

PUBLIC WORKS

Highways:

The Alberta government, through its Department of Public Works, has prepared an extensive program for the construction and maintenance of public

works as post-war projects to assist in the rehabilitation of our armed forces. However, for reasons which will be obvious to this committee, before the Provincial government can decide upon actual work on any or all of these projects, the policies and plans for the federal government to finance such projects should be clearly defined. Alberta's plans include not only construction and improvements of highways and bridges but also the construction of buildings, suburban electric lines and other necessary improvements of facilities for the betterment of social and economic conditions for all.

We are planning to increase our main highway system from the present 3,800 miles to 6,000 miles of which 3,000 miles will be properly surfaced with asphalt or concrete and 3,000 miles of gravel or stabilized gravel surface. The total cost will be about \$83,000,000.

At present we have 2,000 miles of district highways and we plan to increase this to 4,000 miles. This type of road will be of earth and gravel surface and the expenditure including all work and structures will amount to about \$15,000,000. About 500 miles of new hard surfaced tourist roads should be constructed as soon as possible to make accessible additional scenic beauty spots and to hold motorists in the parks for longer periods. Most of these roads lie within the national parks and are, therefore, Dominion projects but I mention them because they are also within our province. These tourist roads would cost about \$7,000,000.

Large areas of Alberta are in need of any kind of all-weather, or even development roads and we consider that a reasonable expenditure should be made on them. There are approximately 40,000 miles of local and development roads in Alberta and we plan to increase this to 50,000 miles. Expenditures on these development and local roads would amount to about \$15,000,000. That presents a total estimated expenditure of about \$120,000,000.

We believe that such a program of improvements could be extended, feasibly, over a period of 15 years with an annual expenditure of \$8,000,000 for construction of new roads and improvements to existing highways. Such improvements would consist largely of asphalt and concrete surfacing, bridges, drainage, landscaping and other refinements as required. In addition to the work of construction, the maintenance of these roads would provide considerable additional employment as indicated by an over-all maintenance cost of approximately \$1,500,000 per year.

The Alberta government also intends to make grants to municipalities for construction of municipal roads on a fifty-fifty basis and it is expected that these expenditures will amount to about \$500,000 annually.

With such expenditures for material and labour, it is confidently expected that, on road work alone, Alberta could employ at least 5,000 men per year on direct construction work and, in addition, give work to numerous employees of machinery, equipment and bridge companies and other concerns supplying the necessary materials and machinery. May I again emphasize that in order to carry out this program it is essential that satisfactory financial arrangements be made.

Buildings

The Alberta government has prepared plans for a program of building construction to cover a period of ten years. Omitting unnecessary detail, the following is a summary of the more important projects; (1) Buildings, wards, staff quarters, repairs to existing buildings, extensions to nurses home and construction of additional farm buildings at the Provincial Mental Hospital at Ponoka to cost \$925,000; (2) similar additions and improvements at the Provincial Mental Institute at Oliver \$1,325,000; (3) an administration building, a reception unit, and home for 100 nurses, two buildings for adult defectives, a building to house kitchen, baker, refrigeration and stores, a dining room,

purchase of additional land, etc., at the Provincial Training School for mental defectives at Red Deer, \$1,000,000; (4) a new tuberculosis sanatorium in Edmonton to accommodate 300 patients, staff, etc., \$900,000; (5) homes for the aged to be placed at various points throughout the province, \$500,000; (6) two industrial schools for incorrigible boys and girls, \$200,000;

At this point, I must stress the urgent necessity for the Dominion Government to make adequate provision for the criminally insane. Such provision should be made in connection with the penitentiaries. No such facilities are available at the present time and criminally insane persons are committed to Provincial Mental Hospitals which are in no way equipped to care for them. We urge, strongly, that the criminally insane should be the responsibility of the Dominion government. Provision for their accommodation, so far as Alberta is concerned, would involve an additional building project costing about \$100,000.

The total estimated expenditure for the projects enumerated amounts to \$4,950,000. However, in addition to these new projects, we need, for improvements to provincial jails \$1,500,000; for improvements to police buildings \$225,000; construction of thirty provincial buildings at \$45,000 each, or a total of \$1,350,000; normal schools and improvements \$2,500,000; numerous sundry buildings, \$500,000; maintenance and repair of buildings, \$6,500,000 or a grand total of \$17,550,000. This would give us an average annual expenditure of \$1,105,000 for capital outlay and an expenditure of \$650,000 annually for maintenance, or a total of \$1,755,000, which would provide regular employment for approximately 800 men on these projects alone.

In view of the fact that a large expenditure will also be made by private enterprise in building, it is considered that the sum of \$17,550,000 for the ten year program should be ample to take up the excess labour in the building trades.

In addition to these items, there are others in which the government of Alberta is directly interested wholly or in part. For instance, in the field of education we need \$7,000,000 for rural school buildings and \$1,500,000 for additions and improvements at the University of Alberta. The Calgary school board has placed its estimated requirements at \$785,000 and, informally, the Edmonton school board has placed its estimate at \$2,000,000. We have not yet received the estimates of the school boards of Lethbridge, Medicine Hat, Red Deer and Drumheller.

Provincial Parks:

The Alberta government has proclaimed eight areas as provincial parks and has reserved an additional fourteen parcels of land for the same purpose. A large amount of work must be done in them including clearing undergrowth, providing roads and camping facilities, building, landscaping and beautifying certain areas. Over a period of five years, at least four parks could be improved at an expenditure of \$10,000 each. We consider that an annual expenditure of \$40,000 for ten years should be made. Eighty per cent of this would go to labour. In addition, another \$30,000 should be spent on maintenance annually. This would make an expenditure of about \$70,000 annually for five years at least.

Irrigation Projects

Although they might be classed as agricultural and also as industrial, I have included irrigation projects under the heading of public works. I have already referred to their significance in respect to land settlement. I do not have to impress you further with their importance nor to expand upon their urgency in connection with employment in secondary industries.

You have already received the report of Mr. B. Russell consulting engineer for the P. F. R. A. as presented by Mr. George Spence, director of rehabilitation for the Dominion Department of Agriculture in connection with the water development projects in Alberta, Saskatchewan and Manitoba. I note that this report sets forth costs in some detail but that no mention is made of employment possibilities other than to say that approximately 60 per cent of the expenditure would go to labour, the balance going to machinery, materials, supplies and so forth.

We have under consideration six projects located in Alberta and which have already been surveyed. Our experts place the St. Mary-Milk River development first in importance because it serves a very fine tract of about 345,000 acres served by railway facilities and it is essential to use our share of the water available from the St. Mary and Milk Rivers which have been allotted to us by the International Joint Commission.

Under international agreement, the United States is presently using its share of this water. In order to secure the share which has been allotted to us, it is essential that immediate action be taken to develop the project. The St. Mary-Milk River project will cost approximately \$15,000,000 over a period of fourteen years under ordinary circumstances but, as a post-war project, this could be speeded considerably. This project could employ about 600 men per year for three years on the construction of dams and ditches.

By extensions to the Canada Land and Irrigation Company's works an additional 192,000 acres can be developed at a roughly estimated cost of \$3,500,000 and might employ 400 men for three years. Of these two projects, this would be the cheaper because much of the work has already been done. It has good railway facilities but the important international aspect does not enter into it. If undertaken on a planned basis, social services, schools and community life could easily be organized and the building of roads is easy in that area.

Other projects include the Aetna near Cardston to serve 8,000 acres and cost about \$185,000; the Macleod to serve about 10,000 acres at a cost of about \$240,000; the Carmangay project to serve about 10,000 acres at a cost of about \$175,000; and the Ross Creek to serve 1,000 acres at a cost of about \$30,000. Constructed simultaneously, these projects would employ, by rough estimate, about 1,200 men for three years. In addition to these the Pearce project which is now under consideration and upon which surveys have not been completed, would supply considerable additional employment and merit careful consideration.

Other smaller projects include storage reservoirs on Willow Creek near Stavely, at the Gap on the Oldman River near Lundbreek, at Spray Lakes near Banff, at the Gap on the North Saskatchewan River near Nordegg, and at the Gap on the Clearwater River near Rocky Mountain House. These projects would cost approximately \$7,000,000 and would employ about 1,000 men for three years on the basis of eight months to the year because operations may not be possible during the winter. Under various river channel improvement plans to protect private and public property from flood damage in such places as High river, Blairmore, Coleman and Macleod we would require \$40,000 annually for ten years and could employ a number of machine operators seasonally over that period. I may add that no water power surveys have been conducted in Alberta for a number of years and this work might provide employment for some parties of engineers and engineering students in science from our universities during vacation.

I would like to draw to your attention that in 1909 the dominion government started a system of stream flow recordings in Alberta and agreed to continue this work.

SOCIAL SERVICES

The Alberta government has kept constantly in mind the urgent necessity for improved health services and, in order that you may visualize the possibility for the employment of a considerable number of repatriated doctors, nurses and hospital personnel not only in Alberta but elsewhere, we are including mention of our health plans at this point. The government of Alberta provides free medical treatment and hospitalization for all pulmonary tuberculosis patients and also provides remedial treatment for victims of poliomyelitis. The province maintains two free diagnostic cancer clinics, and provides free treatment for curable cases. At the next session of the legislature, the government will introduce legislation to provide for the free hospitalization and care of maternity cases. We employ thirty-six district nurses to serve outlying communities where there is no access to hospitals or to the services of doctors and we have established thirty municipal hospital districts. We maintain a travelling clinic which visits rural communities to perform minor operations, supply dental and optical treatment, give instruction on nutrition and to immunize against contagious diseases. We have established nine district health units in each of which a doctor, a staff of nurses and a dentist is employed on a full-time basis. Despite these services already provided they in no sense meet the requirements of our people in this important field and it is essential that after the war such services be greatly expanded. Such expansion, necessary to the good and welfare of the people generally, will also provide numerous opportunities for employment of trained personnel. To this end we have now under consideration and advanced plan for health services involving six sections; (1) Administration, (2) Environment Sanitation, (3) Preventive Medicine, (4) Mental Health, (5) Hospitalization and (6) District Health Service. Twenty-three divisions under these sections would be necessary. It would require approximately 175 additional technical staff members to put this plan into effect. They would include health engineers, inspectors, supervisors, directors for each section, superintendents, nutritionists, physicians, surgeons and so forth. This plan envisions the opportunities which are available for the employment of highly trained professional talent and if similar plans were adopted elsewhere in Canada, particularly in the more densely populated areas, even greater opportunities for employment would result.

The cost of these services would be substantial but it would be small in comparison with their value.

Under the heading of social services comes the problem of farm home improvement. It is estimated that at least 100,000 farm homes in Alberta lack proper sewage facilities. To supply this demand at an estimated cost of \$1,000 per unit would provide an immediate market for about \$1,000,000,000 worth of sewage and plumbing equipment and fittings and this would provide a means of employment for a considerable number of persons even if the farmers themselves installed the units. Such a program, of course, would also provide a ready market for building materials and supplies and virtually nothing but lack of purchasing power stands in the way of development of these employment-giving markets. Town planning, and the establishment of recreational park areas in many districts would supply employment for resident engineers and architects and, likewise, possibly 100 supervisors of recreational activity might be employed almost immediately as a result of these developments. These matters are not to be considered as frills. They are essential adjuncts to social services directed at the proper elevation of our young people to full citizenship and in the continuous battle against juvenile delinquency and crime.

PART II FINANCE

1. It is the main argument of this submission that the central problem in regard to an orderly and effective reconstruction of the national economy following the war is financial. There is little difficulty in anticipating what economically useful enterprises should be undertaken. In this respect the wishes of the overwhelming majority of the people can be stated specifically in terms of industrial and agricultural development, of rural electrification and irrigation, of housing and transportation, of conservation, reforestation and recreation projects and of social security and wage conditions. There is no intrinsic problem in regard to these matters. They merely constitute questions requiring the application of the necessary technical knowledge to the organization of available physical and human resources. The problem which confronts every industrialist, every farmer, every municipality, every provincial government and every department of the federal government is: "How will these projects be financed?"

2. In approaching this question it is necessary to bear in mind that the financial system is primarily a mechanism,—in fact it is the mechanism,—for facilitating the organization of economic activity. The volume of money, the manner in which it is issued, the relation between purchasing power and prices automatically determine the volume and nature of production, the distribution of the products of industry, the conditions of trade and so forth. In short the manner in which the financial system is organized and operated determines the pattern of the economic structure. It is for this reason that the monetary aspects of post-war reconstruction are of preeminent importance.

3. It is conceded generally that it will be neither possible nor desirable to return to a pre-war economic system which resulted in mass unemployment, widespread poverty, general insecurity, and restricted production and trade. The impelling demands of war have resulted in economic expansion on a scale which has demonstrated the vast productive resources of this country that will be available for peace time development. It is a subject of common talk today that if, under the stress of war conditions, with three quarters of a million of the cream of our manpower diverted to the fighting forces, Canadian production can be stepped up to twice its pre-war level in the space of a few years, then it should be possible to divert industrial effort to provide an even greater volume of production in the post-war period. Furthermore, the average Canadian, who has a very direct approach to such matters, is asking why it is that in war time it is possible to give away—in fact, to force,—our products on the enemy, yet in peace time it is not possible to provide our own people with the food, clothing and decent homes which could be provided by an equal productive effort?

4. The outstanding features of the chaotic economic conditions which marked the period between the two world wars, reaching crisis proportions during the depression, constituted a paradox which cannot be lightly dismissed. While on the one hand there existed vast productive resources, as the war has shown, yet on the other hand, there existed widespread poverty and distress. While idle resources and unemployed manpower were outstanding features of conditions, yet the vast majority of people were insecure through lack of the goods which those resources and that unemployed manpower could have provided in abundance. While manufacturers were forced to restrict production for lack of markets, a vast potential market existed in the unsatisfied wants of Canadian consumers.

5. The greatest barrier between the people and the satisfaction of their requirements was the lack of purchasing power. If consumers had been able to go into the stores and buy the goods on sale, orders to wholesale merchants would have increased, wholesale merchants would have passed on this demand for goods to industry, industrial production would have been stepped up, employment would have expanded, an increased demand for primary products would have resulted. In short, the entire economy would have adjusted itself to meet the growing

demands of consumers and the majority of the existing economic problems would have disappeared.

6. Thus on even a cursory examination of the evidence of facts the conclusion is inescapable that the main cause of the economic distress during these pre-war years was monetary in nature, and was specifically due to a chronic shortage of purchasing power in the hands of the people. Moreover, emphasis is given to this by the fact that the persistent obstacle to all efforts to deal with conditions always presented the same question: "But where is the money to come from?"

7. With the outbreak of war it became necessary to not merely expand production but to readjust the entire economy to meet the demand for entirely different kinds of production required for war purposes. It was a task far more formidable than that which was presented by the economic collapse of the depression. However, nothing more was heard about the lack of money. What was physically possible was made financially possible, the national money supply was expanded and as the economy developed to meet the demands of war, many of the pre-war problems disappeared. This has led many people to imagine that the same monetary system and monetary manipulations being used for war purposes will serve peace-time requirements after the war. Were this the case, then in peace time it would be necessary to retain a large standing army of consumers producing nothing to correspond with the economic position of the fighting forces; to destroy a large part of the national production to correspond with the present destruction of war material; and to build up a rapidly pyramiding charge against future purchasing power in the form of public debt to correspond to our steeply mounting war debt.

8. Reference back to the operation of the economy prior to the war will show that in the various attempts made to overcome its defects similar action was taken, the outstanding example being the U. S. A., where producers were paid either not to produce or to destroy production, efforts were made to increase exports and to decrease imports, a large standing army of unemployed was maintained, incomes were distributed through vast public works schemes against which no consumer goods came on the market, while a huge and rapidly pyramiding debt structure continued to pile up claims against future purchasing power. All this was done in order to overcome the effects of a shortage of purchasing power. In war time economy there is no need to introduce these expedients: they are automatically forced upon the country. The steady expansion of industrial development, the increasing production of goods for destruction in the conduct of the war in relation to the goods produced for the consumer market, the decrease in available man power for production and all the other features of war conditions combine to obscure and overcome the shortage of purchasing power which the system generates. However, any attempt to use the same financial mechanism for readjusting the economy to peace-time conditions will immediately reveal its defects in an intensified form with disastrous consequences.

9. In the following synopsis of the adjustments in our monetary system which we consider are essential to meet the requirements of our national economy after the war, we have confined ourselves to fundamental principles:

(1) *National Control of Monetary Policy:*

Control of monetary policy automatically carries with it control over the entire economic life of the country. It is a sovereign power which, in a democracy, should be vested in parliament acting on behalf of the people.

Therefore, a national finance commission should be established, to be responsible to parliament through the Minister of Finance, (a) for the issue and withdrawal of all money (both currency and credit) in accordance with the nation's requirements and (b) for the administration of the monetary system in response to the will of the people.

Note: The Bank of Canada should be the means through which the national finance commission would operate.

(2) *Banks and Banking:*

It is manifestly undemocratic that the sovereign power of creating, issuing and withdrawing money or credit, thereby controlling economic policy, should be exercised by private institutions. This power vested in the chartered banks at the present time should be discontinued and the chartered banks should be elevated to the position of servants of the public under the effective control of the government.

Moreover it is an obvious absurdity that a democratic government vested with sovereign authority over the monetary system should be obliged to put the nation in pawn to the banks in order to borrow money for national purposes. In point of fact the position should be reversed.

Therefore, chartered banks should cease to create, issue and withdraw financial credit except as agents for the national finance commission, and they should be required to hold against all deposits a corresponding amount of cash, or, in lieu thereof, national credit certificates issued by the Bank of Canada.

(3) *Government Finance:*

As the custodians of the people's sovereignty and as the issuing authority for all money, parliament should no longer be entirely dependent upon taxation and borrowing for its revenue requirements.

Therefore, all money required for government expenditure, whether for purposes of financing reconstruction projects or for normal public services, should be issued on the instruction of parliament, by the Bank of Canada without debt to the nation. Taxation should be used primarily for the purpose of withdrawing surplus purchasing power as hereinafter provided.

(4) *Safeguards Against Inflation and Deflation:*

It is a basic principle of any scientific monetary system that money should be created and issued as goods are produced, and it should be withdrawn and cancelled as goods are consumed. Furthermore this should be done in such a manner that at all times the public should have purchasing power equal to the collective prices of goods on the market, wanted by the public.

If the total purchasing power is more than the total prices of goods for sale, a condition of "inflation" will at once become evident and must be rectified forthwith. If the total purchasing power is less than the total prices of goods for sale then a condition of "deflation" will immediately reveal itself and more purchasing power must be released to enable producers to obtain fair prices and overtake their production costs.

The principle of maintaining a balance between consumer purchasing power and the prices of goods for sale to consumers is fundamental to any sound monetary system, either in peace or in war.

Therefore, the national finance commission should be required to establish a proper system of accounting and, from time to time, ascertain the total prices of goods available for purchase by consumers and the total purchasing power of the public. Any surplus purchasing power should be withdrawn by means of an equitable system of taxation and any deficiency of purchasing power should be corrected by reduced taxation or by an increased issue of credit in the most equitable manner as authorized by parliament, e.g., price subsidies, family allowances, health services, non-contributory security grants, etc.

(5) *Agriculture, Industry and Trade:*

Agriculture, industry and trade should be able to expand freely to provide the goods and services wanted by the public. Hence the financial requirements

of agriculture, industry and trade should govern monetary policy and not *vice versa*.

Therefore, adequate credit on equitable terms should be made available to agriculture, industry and trade to finance all wanted production.

(6) *Provincial Finances:*

Parliament, through the national finance commission, on an equitable basis and without infringing upon provincial autonomy, should issue to each of the provinces the money to enable them:

- (a) To finance post-war reconstruction projects coming within provincial jurisdiction;
- (b) To establish and maintain the high standard of social services to which the Canadian people are entitled.

In conclusion we respectfully urge that this committee give careful and serious consideration to these financial aspects of the problem of post-war reconstruction.

It is our firm conviction that the fundamental principles above referred to must be recognized and applied or the dominion and the provincial governments will find it financially impossible to implement many of the necessary post-war proposals now being prepared.

The reform of our monetary system along these sound and scientific lines not only will remove the present financial restrictions upon the implementation of these many desirable and physically possible post-war projects but also will enable the people of Canada to be assured of post-war economic security and a standard of living limited only by their aggregate productive capacity and the abundance of their material resources.

All of which is respectfully submitted.

The CHAIRMAN: I know that we have heard with a good deal of interest the reading of the brief submitted to us by the Premier of Alberta officially for the government of that province. We are open for questions. It is approaching 12:30. We discussed when we started this morning the question of adjourning and we decided to go until 1 o'clock. I am assuming that is what the committee still wishes in spite of our previous decision to adjourn earlier so that everybody could get in for lunch. If so, we will be open for questions until 1 o'clock and return afterwards, or if the committee should wish we could adjourn now and come back earlier instead of waiting until half-past two or 3 o'clock. Could we adjourn now and come back at 2 o'clock? Would that be satisfactory? We will adjourn now and return at 2 o'clock. I have one more thing to say. Mr. Walter Woods, Associate Deputy Minister of Soldiers, Pensions and National Health, and Mr. Gordon Murchison, Director of the Veterans' Land Act, will be with us this afternoon because there are references to soldiers and to settlement of veterans in the brief presented by Premier Manning. They could not come this morning but they will be with us this afternoon.

The committee adjourned at 12:30 p.m. to resume at 2 p.m.

AFTERNOON SESSION

The committee resumed at 2 o'clock p.m.

The CHAIRMAN: We are open now for questions or comments. We have been going along, and I think it has worked out pretty well, without trying to tie members down too much to any particular part of a brief in which they desired to ask questions. I was going to suggest in order to get your views that we might do the same thing this afternoon and ask questions as the

members wish or we could start at the beginning and make your questions deal with the particular things the brief deals with.

Mr. MACNICOL: I think that is the best plan.

The CHAIRMAN: We can do it just as you wish.

Mr. MACNICOL: Mr. Chairman, as the brief very clearly sets up each step by itself I would suggest that we take up each step commencing with page 2, agriculture, and then, passing from agriculture, the other subjects.

The CHAIRMAN: Is that the wish of the committee generally? All right, we will deal with natural resources first. We will start with land. I would not like to restrict the members too much if a man finds a question he should have asked previously. I think we can always consider it, but for the time being if you will let your questions deal with the first part of the brief I think it will be a little easier on the gentlemen who are here from Alberta to do it that way rather than have their minds flying around too much.

Mr. MACNICOL: I should like to get clarification in respect to page 2, the second paragraph. The brief states:—

Assuming that 100 irrigable acres are sufficient to maintain a family, a total of at least 9,600 additional families might be accommodated on the land already surveyed at an estimated average irrigation cost of approximately \$44 per acre.

The brief bases that statement on the probability of irrigating 1,000,000 acres. I should like to know where the million acres are under the present irrigation program for southern Alberta. I might say that, thanks to the government's departmental engineers, I made a very careful survey last summer, and the total acreage I found from the engineers' statements that are readily available in southern Alberta north and south of the line of the South Saskatchewan river—that includes the Old Man river—is about 600,000 acres, 345,000 south of that line and about 250,000 north of that line. That does not take in the Pearce plan at all. On the basis of 600,000 acres, which are the only figures I have seen anywhere, as the maximum that would amount approximately on the basis of 114 acres per family to 5,250 families. Even that is a fine substantial advance.

The WITNESS: Mr. Chairman, I have not here a breakdown of that exact acreage, but I may say this, there are portions of that land now under irrigation that are not settled.

Mr. MACNICOL: Pardon?

The WITNESS: There are portions of the land now under irrigation that are not fully settled which has a bearing on the number of families that can be included. If I may refer to page 14 of the brief, where the irrigation projects already surveyed are enumerated, you will see the approximate acreages of each of them are there mentioned. I do not know whether I am getting your question correctly.

Mr. MACNICOL: I think perhaps you are including more land than I have in mind. It is very clearly stated that in the program in connection with irrigation, the completion of which is a major project with which I am strongly in accord, that the amount of acreage south of the Saskatchewan river and the Old Man river line is 345,000 acres.

The WITNESS: That is the figure used here.

Mr. MACNICOL: And north of it the acreage that is readily available is the acreage that can be taken care of by the Canada Land Irrigation Canal east and west of their present irrigated property which amounts to 250,000 acres at the maximum. Perhaps in your figures you have included some irrigable land, either north or south, east or west of the C.P.R. irrigation areas?

The WITNESS: In addition to those two major ones you will notice on page 14 other projects, namely the Aetna project at Cardston, 8,000 acres, the Macleod project, another 10,000 acres, and the Carmangay project, another 10,000 acres.

Mr. MACNICOL: They are all included in the 345,000 acreage?

The WITNESS: No. that is in addition to the 345,000 acreage.

Mr. Ross (*Calgary*): The 345,000 acres are in the St. Mary's-Milk River project.

Mr. MACNICOL: Almost up to the city of Medicine Hat. I went over the whole area very carefully, and the figures that Mr. David Hayes and Mr. Sutherland gave me were 345,000 acres. I am not finding any fault. I am strongly in accord with it. I think it is a mighty good way to give employment, but what I am mixed up on is the million acres as against 600,000 acres that the engineer and Mr. David Hayes, who is perhaps one of the most competent irrigation men in Alberta on that whole subject, gave me as the maximum that can be irrigated adjacent to the South Saskatchewan river line. That does not include the Pearce area at all but purely the South Saskatchewan river, adjacent to and in the proximity of the Old Man river and the South Saskatchewan.

The WITNESS: Mr. Chairman and members of the committee; Mr. Tanner our Minister of Lands and Mines, is also in charge of our irrigation supervisory work in the province. With your permission I should like to ask him to give you a brief resume on these points because he is dealing with that in his department all the time.

Hon. MR. TANNER: Mr. Chairman, the 345,000 acres referred to by Mr. MacNicol—

Mr. MACKENZIE (*Neepawa*): I wonder if Mr. Tanner would mind using the map?

Hon. Mr. TANNER: I do not know whether I can. It is too small.

The CHAIRMAN: It is a little small.

Hon. Mr. TANNER: It is Lethbridge southeast that Mr. MacNicol has referred to. It is right down in here. On this map it is a very small area. There are 345,000 acres there. It is in the foothills. There are these other 40,000 or 50,000 acres. They are not south of this line or really north of this line. They are in the foothills near Cardston, Macleod and Carmangay. I think there are 45,000 acres there. In these areas already irrigated there are a great many farms consisting of acreage from half a section to three-quarters of a section. The reason that condition exists is because industries have not been introduced there and these people are still farming a much larger area than they would need to farm if industries were there and they could carry on with their root crops. That acreage is also used in this figure of the 960,000 acres. That is, where there are now fifty families on some of these irrigated projects, or a section of them, we could put 100 to 150 families.

Mr. MACNICOL: I am thoroughly familiar with that. What I am trying to fix in my mind is where is the million acres?

Hon. Mr. TANNER: The million acres is made up of a little over 600,000 acres in the new projects and the land that is available in projects that are already irrigated and not fully settled.

Mr. MACNICOL: I can plainly see where an irrigation canal runs through an area and farmers not taking water out of the canal that naturally such land should be included as irrigable area. My information was that the 345,000 acres is the maximum south of the line of that river, of new irrigable land.

Hon. Mr. TANNER: That is one project. If you will notice in the fifth paragraph of page 14 there are another 29,000 acres there that are in the foothills. They are not connected with any of these other projects.

Mr. MACNicol: Anyway, I will not carry it any further because I am strongly in accord with it.

The CHAIRMAN: Are there any further questions dealing with the first part?

Mr. MACNicol: All that I want to say there, Mr. Chairman, is I hope that this committee if it has any authority to do so will strongly recommend—and I know that they are going to have it up under another heading—the adoption of this principle outlined in this particular paragraph because I know of nothing that will provide more immediate employment than, the extension of irrigation in south Alberta, direct employment, and indirect employment in factories supplying equipment required by the farmers and homes to be built there.

Mr. PURDY: Did I understand Mr. Tanner to say correctly that the land that is presently irrigated is not utilized to the full extent?

Hon. Mr. TANNER: That is the statement that I made. In other words, take the Taber Lethbridge district where they have industries, canning factories, and they are doing a lot of canning of cultivated crops, beets, potatoes, and so on; they have families being sustained in those areas on a very much smaller acreage than they have in areas where they have no factories. As factories are introduced, and industries that are dependent on farm produce are introduced into those areas they can put in two families where they have one, and in some areas they can put three families where they have one without crowding them and really raise the standard of living in the area.

Mr. PURDY: In other words, without factories the irrigation scheme would not be very much good?

Mr. MACNicol: That is easily explained. The theory of that soil is that it has all the chemical ingredients to grow anything and if it can get water the results are marvellous, particularly with vegetables. If it cannot get water it is just like the open prairie and grows grass, sage and wild rose. I agree with Mr. Tanner that the acreage per farm could be materially reduced if they can get the water. While some of the farms may be a little large to-day the reason is because they are not getting enough water. The Canada Land and Irrigation Company are asking for a big expansion of their canal so they can supply more water and add a large acreage, and I hope they get it.

The WITNESS: In further reply to that question I might mention for the information of the committee that I had a delegation from the city of Medicine Hat within the last ten days outlining the situation in regard to this Canada Land irrigation project that is referred to here. Their contention was this, that at the present time, as our brief shows, we have an average of 116 acres per family settled on irrigated land. Their submission was that with proper specialized farming, which is the proper type of farming for irrigated land, that could at least be reduced to 80 acres. In the brief we have taken more or less of a general average of 100 acres per family, but their submission was that 80 acres would be about the approximate amount. You can see there is quite a difference there between 80 acres and 116 at the present time.

Mr. MACNicol: Was that at Medicine Hat?

The WITNESS: Yes.

Mr. PURDY: Is it your argument that factories go with an irrigation scheme?

The WITNESS: That has been the experience. Even apart from factories the more specialized irrigated farm is a good farm and can get a greater return by working a smaller acreage and working it properly than a greater acreage and not working it as well.

Mr. McDONALD (*Pontiac*): I was going to ask what are the prospects of further factories there? Have they any in view, and of what nature would they be? Apart from the sugar beet industry are there any others?

The WITNESS: Canning factories; the Taber district has a canning factory which has had a very definite effect on the value of the irrigated project in that community. Any type of vegetable can be raised in these areas, and canning factories are most suitable.

Mr. McDONALD: Have you prospects for the establishment of these factories at the present time?

The WITNESS: At the present time we have only canning factories and sugar factories but the contention of the people there—and we feel they are right—is that if irrigation projects are proceeded with that type of industry automatically follows.

Mr. McDONALD: You have a reasonable hope for industries?

The WITNESS: Yes.

Mr. BLACK: I should like to ask the Premier what has been the average cost per acre of irrigating the land in his province up to the present time? What has been the average cost and who has paid it? I notice in his brief it is stated it is expected there will be an average cost of \$44 per acre for the new work.

Hon. Mr. TANNER: That \$44 per acre is the cost of the Lethbridge South-eastern project. You had a committee here headed by Mr. Meek that went into that whole question of the Lethbridge southeastern. That is the St. Mary's. They figure their cost would be approximately \$44. We have projects in Alberta ranging from that down. We have some projects that were financed when the cost of everything was very high and naturally the cost of that project is much higher than another which was put in when the cost of the supplies and work in connection with it were lower, but I do not think I have authority to say what the average cost would be. I would say that the cost of \$44 includes everything in connection with that irrigation. It includes levelling, colonization, and so on.

Mr. BLACK: Does it include lateral ditches?

Hon. Mr. TANNER: Everything in connection with it.

Mr. BLACK: That is the average required on each acre of land, or is it left to the property owner?

Hon. Mr. TANNER: It takes care of the dam, main canals, laterals, colonization, levelling and the putting of the water on the land. When we say putting it on the land that is for the farmer. The cost of that has been taken care of pretty well by the districts in the past. That is theoretical, but after they have carried on for a number of years we have had the same experience in Alberta that they have had in the United States that a project of this kind is beneficial nationally and the cost is too heavy for the district itself to carry. In the province of Alberta we have had to take over a fair share of the debt in two or three of these projects like the Lethbridge Irrigation District, United Irrigation District and Western Irrigation District. We have had to carry part of that, or, in other words, take over part of the cost and take care of that out of general revenue.

Mr. BLACK: Take it over from whom, the companies that projected it or the farmers who were served by it?

Hon. Mr. TANNER: It would be both. It would be taken over by the company and passed on to the farmer. Experience in the United States has proven to people it is essential and in the interests of the country for them to take care of a good share of the capital costs and not try to place that on the farmers of that particular area. I have placed before me here the figures used in arriving at this \$44 an acre. There is so much for the preparation of the land, so much for colonization, so much for agricultural services, and so much for operation and maintenance and to take care of the deficit in connection with that, and

then the construction of dams, canals, ditches and the necessary structures, so that all of that, including canals, levelling and administration, is in the \$44 an acre.

The CHAIRMAN: Are there any further questions on that particular feature?

Mr. Ross (*Calgary*): I just wish to make an observation or two with regard to the smaller units in irrigation districts. They get along with smaller units. In the first place I should point out this is in a dry area where they can only grow wheat. They cannot grow coarse grains because coarse grains do not get sufficient moisture to properly develop in those areas. They can grow wheat with much less moisture than they need to grow coarse grains. This is either in an area where they grow a little wheat or else it is purely a pasture area. There is not a great deal of wheat grown in this particular area where this St. Mary's-Milk River project is being carried on. It will be converting what was pasture land into irrigation lands. The farmers will get along with smaller farms because they are growing roots and vegetables and coarse grains to feed cattle while their cattle are on the range lands in the neighbourhood. There is a lot of land in the neighbourhood that is good for pasturing. The cattle can pasture there. When they want to feed them in winter they can bring them in and feed them coarse grains and vegetables and things of that kind which they grow there. They can get along with a much smaller acreage by reason of these open lands nearby on which they can run cattle and sheep and things of that kind. I like very much the way the brief says we should be acting according to a plan, and that an extensive soil survey should be made. I think that is a very excellent thing. There is a great deal of land up in the Peace River district that I think can be settled and opened up. There will have to be a railroad built through to the Pacific coast, either by the old Grand Trunk or perhaps by a mountain pass or perhaps through to Stewart in British Columbia, but a railroad will have to be built there in order to serve those people if they are going to benefit fully by those lands. I hope that a plan will be laid down in advance so we shall not have railroads built here and there and then a few years later torn up because of a lack of a plan as we have had in the past. A plan should be laid out not only for building the railroad, but the main roads to the lands that are suitable for settlement. Schools should be located and that kind of thing. We do not want to have people settling on lands that are not suitable for farm settlements as has happened in the past and then have to move into some different area. It seems to me that a plan is of extreme importance in this matter. May I say to the Premier, I saw a short time ago that British Columbia was giving its soldiers free grants of virgin lands, lands similar to what we have in the Peace River district. I was wondering if his government had considered the matter as to whether or not they would be giving free grants to our returned men or on what basis they are opening up these lands to returned men or what the position will be.

The WITNESS: Mr. Tanner has also discussed this matter with the officials since coming to Ottawa. It will be probably best for you to deal with that, Mr. Tanner.

Hon. Mr. TANNER: We have taken the stand that we are prepared to co-operate with those administering the Veterans Land Act by making available for the soldiers who wish to be rehabilitated on the land any lands that they may wish, and we have also pointed out to them the irrigable areas of arable land in the north. We have also tried to find out the land that is available in areas already settled. We have done away with the homesteading principle in Alberta as Mr. Ross would know and have established what we call our agricultural lease system, which makes it possible for a man to go in to this virgin land without paying any taxes or any rents for a three-year period. He has the right

to take a half-section—it used to be a quarter-section under the old homestead regulation—he is given this land only if it is suitable for agricultural purposes and in a district where he can get social services and has his available markets. Then when he is established or when he is given this land he is given a lease on which he pays no rental or no taxes for the first three years. He is given that time to get established and after the three-year period and the first year crop he pays one-eighth of the crop share and that takes care of his taxes, rental and so on. Forty per cent of that goes to the municipalities, 40 per cent to the school district and 20 per cent is now held by the Department of Lands and Mines for administration. That places a man in a position where he cannot have arrears of taxes, he cannot have taxes start building up on him before we give him title to the land. We have presented that to Mr. Murchison and discussed it with him; therefore he has a clear understanding of our set-up. I have assured him our government is prepared to co-operate in every way to make lands available and to help establish the boys who are in the army when they come back.

By Mr. Black:

Q. Who has title now to this land referred to here at a cost of \$44 per acre?—A. The provincial government holds a fair share of that land. Some of that land is held by ranchers, as pointed out by Mr. Ross a while ago. But we have large tracts of land in that area. We also have most of the land in the Canada Land Irrigation District east of Vauxhall, and this other land we are referring to in the north, we have control of that too.

Q. What would it cost an ordinary settler if it costs \$44 an acre on an average now? On what basis is it proposed to hand that over to the settlers who will get the benefit of the expenditures in irrigating at the cost of \$44 per acre?

Hon. Mr. TANNER: We propose recommending that the Dominion Government should take care of the largest part of the capital cost and that the Provincial Government would take care of a part of it, that is, the administrative part, something like that, to see that the thing is carried out, and the farmer would take care of approximately one-quarter, probably \$10 or \$12 an acre. That is the cost of the irrigation. That is all the cost in connection with establishing men on the land, levelling and bringing him in, getting him established. I do not mean buying his machinery, but getting colonization done in the area and men on the land.

Mr. BLACK: The average capital cost is \$44 per acre. What is your estimated cost per acre to operate over a period of ten or twenty years?

Hon. Mr. TANNER: To give you a definite answer on that question I should like to refer to the findings of the committee; but the cost of administering over and above \$44 an acre is nothing more than it is on an irrigation project that is already settled because it takes care of everything to the putting of water on the lands; but he then is paying so much per acre for his water rates.

Mr. BLACK: Would there be any annual charge for operating and maintaining sluices, keeping the water courses open?

Hon. Mr. TANNER: Each year he is required to pay from \$1 and \$1.25 to \$2. I think that is about the average.

Mr. McDONALD (*Pontiac*): Per acre?

Hon. Mr. TANNER: Per acre; that is, under irrigation.

Mr. Ross (*Calgary*): Under the Meek Report the St. Mary's and Milk rivers project was going to cost approximately \$15,000,000. The Meek Report recommended that the dominion should bear about one-half of this cost approximately and the provinces should bear approximately the other half. The theory was that so far as the provinces were concerned it would be an investment for

them because they would be getting water rentals and that kind of thing from the farmer. In so far as the dominion was concerned they would benefit in having the country opened up by having the irrigation canal there for all time. Because of that the country would be much better off in different ways. I was wondering if the Alberta government is prepared to accept that and work out a plan for irrigation on that basis or on a similar basis, to negotiate with the Dominion Government with a view to carrying out such plan along the lines of the Meek Report.

Mr. MACNICOL: They have to do it or lose the water rights accorded Canada by international agreement.

Mr. Ross (*Calgary*): Who is going to do it?

Hon. Mr. TANNER: We feel the Federal Government should carry a larger share of the capital costs than is recommended by the committee.

Mr. Ross (*Calgary*): You are willing to negotiate with the Federal Government and assume a part?

Hon. Mr. TANNER: We have given them that assurance.

Mr. MACNICOL: If the Federal Government does not do that we will lose the water rights; is not that right?

Hon. Mr. TANNER: Yes.

Mr. MACNICOL: The international agreement is that Canada has to build those reservoirs on her side of the line and the United States on her side of the line. The fact is the United States has completed her reservoirs and has, I believe, served notice on Canada to go ahead with her reservoirs. If she does not, according to that treaty you are referring to, we will lose 370,000 acre feet of water per year.

Mr. McDONALD (*Pontiac*): Is there a time limit?

Mr. MACNICOL: The time limit was 1941, if I remember correctly, but on account of the war being on the United States has not enforced the agreement. They have completed their own work. At the next session of parliament I am going to do my best to see that we carry out our agreement to conserve the water for Canada.

Mr. Ross (*Calgary*): We have to start at once or we lose our rights.

Mr. MACNICOL: I am strongly in favour of this recommendation here. I now want to refer to something the Premier said about Medicine Hat. As far as I understand there is no irrigation at Medicine Hat, but a large area on both sides of the river west of Medicine Hat, on the south side of the river and on the north side of the river could be irrigated. On the north side of the river the old Canada Land and Irrigation canal is already there to about fourteen miles from Medicine Hat over through Redcliff or Ronalane area. Anyway, you can see the smoke of Medicine Hat from the end of the canal. That canal was built many years ago but there has never been any water in it. Your program is to complete that so that it can be watered. I am strongly in accord with that. On the South side of the river the program is to continue the canal east of Taber by creation of further reservoirs.

Hon. Mr. TANNER: The part of the program of the Lethbridge Southeastern will take water from the reservoir in Lethbridge. The Southeastern established reservoirs say at Taber and as a result of building reservoirs they will have their water available over a longer period of time and more waters available east of Taber, but they will do that by building three or four reservoirs and diverting some of the water from the Lethbridge Southeastern sources of supply into this.

Mr. MACNICOL: One is Verdigris and the other is in Chin Coulee.

Hon. Mr. TANNER: Spring Coulee.

Mr. MACNICOL: No, Chin Coulee; it is away south and east of Lethbridge.

Hon. Mr. TANNER: Yes.

Mr. MACNICOL: On this part of the program I for one am in hearty and strong approval. It would be a good thing for Canada and referring to what Mr. Ross said, in my judgment, as Alberta cannot do it, it should be done by Canada as it has to be done. I am prepared to support a program that Canada itself should carry on that work. You are quite right in saying that more revenue would return to the country. That is true because the farmer in that district will go into mixed farming. If a farmer has a hundred acres, out of that hundred acres the first twenty might be growing sugar beets, corn and peas and so on. These crops are tremendous. Mr. Manning referred to canning factories. There were two fine canning factories in the area and they turned out 750,000 cases of corn last year. In each case of corn there are twenty-four cans. That brought in a great revenue to the farmers in the whole area.

Mr. CASTLEDEN: They got a fair price?

Mr. MACNICOL: Yes, they shipped 900,000 bags of sugar and got a good price for it and will get a better price this year. There is one thing this committee can do in my judgment and that is to urge the completion of that irrigation area in southern Alberta. If Alberta cannot do it, if they have not the money to do it then we should ask that the Federal Government does it. As Mr. Spence said when he was here it would give a great deal of employment and in the long run it will not cost this country a dollar.

The WITNESS: I should like to point out to this committee that this is again referred to on page 14. Two factors enter into and distinguish these two main projects, the Milk river and the Canada land and irrigation project in the south. The Milk river project is most vital because of this water situation with respect to the international agreement. It is the one project we think comes into the picture, and we cannot emphasize its seriousness too much. If we do not use that water obviously we are going to lose it. That is why that one is most important. And on the other hand, the Canada land and irrigation project is outstanding in that its canals have already been built. We estimate, you notice in the price, to complete that project would cost perhaps three and a half million dollars. My information is that something over \$7,000,000 have already been spent on these canals to bring them up to the place they are to-day. In other words, there you have a project where two-thirds of the expenditure have already been made and it is therefore one that should commend itself to the committee because of the relatively small cost involved to complete it. It is in a good area for settlement with all other facilities available. It is distinct from the Milk river in that there is no question of water rights involved in the Canada land and irrigation project, whereas in the Milk river project there is no work done yet but there is a vital factor in the international agreement with respect to water rights. Therefore you have two distinct projects with definite factors related to each one.

By Mr. Purdy:

Q. Who has got the \$7,000,000?—A. The Canada land and irrigation project years ago—

Q. Private people?—A. Yes, mostly from the Old Country, I believe.

Q. Is the proposal to return that investment to them?—A. No; as far as I understand it I think the company does recognize that the development in this area is practically lost to them unless the scheme is completed. I think they are prepared—at least that is my opinion—to make the present work that has been done available without asking any return on the capital cost, because otherwise they are just losing their capital.

By Mr. McDonald (Pontiac):

Q. Would they continue ownership in that?—A. Of what they have thus far, I presume they would.

Q. Is it your intention to take over that project once it is completed?—A. That has not been completed.

Q. You intend to leave the company in possession of their rights?—A. Yes.

Q. You will have dual ownership there?—A. Yes.

Mr. MacNICOL: It will take \$4,000,000 to complete?

Hon. Mr. TANNER: \$3,500,000 to \$4,000,000.

Mr. Ross (*Calgary*): What if anything might be done at the present time without diverting too much labour from the war effort in the way of making a start on this project in order to save our water rights? I understand there are things to be done. One thing to be done is for the provinces and the dominion to get together and agree upon some plan of construction of that. They will have to do that to start with. Are there any surveys or work of that kind that has not been done that might be done in order to let the people of the United States see we are on the job and are going to make use of that water in order to protect our rights. What could be done in that respect?

Hon. Mr. TANNER: Just about a year ago when the committee made its report they reported that it was possible and they strongly recommended that the surveys be continued, that detailed surveys be worked out regarding the construction of dams, getting the dam sites all located, and also surveys regarding the main canals. That work is being proceeded with but not at the rate they would like to proceed with it; and the recommendation was that they go right ahead with the work right from that time on and I think that should be done just as rapidly as possible.

By Mr. MacNicol:

Q. Is not our first and primary duty the building of the St. Mary's reservoir?

Hon. Mr. TANNER: Yes.

Q. If we do not do it we cannot conserve the water which flows in from the United States?

Hon. Mr. TANNER: That is true.

Mr. Ross (*Calgary*): It would not take many men from the war industries or from the war effort?

Hon. Mr. TANNER: Not to prepare that work or to build the dam.

Mr. MACNICOL: Engineers are available now.

Mr. Ross (*Calgary*): It would not be expensive work?

Hon. Mr. TANNER: Very expensive work.

Mr. Ross (*Calgary*): Those preliminaries, would they be highly expensive?

Hon. Mr. TANNER: Surveys would not be, but construction of the dam would be.

Mr. Ross (*Calgary*): You mean construction should be proceeded with now?

Hon. Mr. TANNER: That is our recommendation. The committee recommended they go ahead and get everything ready with regard to construction of the dam after the war. That was the Meek Report. I happened to sit on that committee all the time.

Mr. McDONALD (*Pontiac*): Am I right in assuming the revenues, whatever they are, from this irrigation project as it exists to-day go in to the coffers of the private company?

Hon. Mr. TANNER: You are talking now of the other project. Mr. Ross and I have been discussing the Lethbridge Southeastern or the St. Mary's diversion a little south of the Vauxhall or the Canada Land and Irrigation project. Now, the Canada Land and Irrigation Company when they constructed their canals they recognized this very definitely. They went ahead and constructed all the main canals for the whole project, which was a very, very unwise expenditure in the program. They should have continued to expend and extend their program, their project, as they went along, but they spent all their money in getting the main ditches in and then they had nothing left to carry on the irrigation of the land. And now, as Mr. Manning said, we have not answered that question definitely as to who will take over the administration of that; but we cannot have a dual administration. It may be necessary to set up a board. It may be necessary to do that but that will have to be done by negotiations.

Mr. McDONALD (*Pontiac*): Could you not get an expropriation of the company?

Hon. Mr. TANNER: As far as that is concerned, the company want to see the area developed, even if the government takes it over.

Mr. MACNICOL: Did they not give up all their land from a few miles east of Vauxhall?

Hon. Mr. TANNER: That was in answer to the question Mr. Ross asked. It is contained in the brief here. We have most of the land that is not now irrigated as provincial land, crown land; we own the land now.

Mr. McDONALD (*Pontiac*): Did they formerly own that land?

Hon. Mr. TANNER: Yes, they gave it up as of the first of this year.

Mr. Ross (*Calgary East*): That Canada Land project is of tremendous importance.

Hon. Mr. TANNER: And it should be expedited as much as possible, I think.

Mr. Ross: Is there anything you would suggest that the government might do at the present time to expedite the work there without diverting too much labour from the war effort and at a reasonable cost?

Mr. MACNICOL: The construction of the whole program would only amount to about \$4,000,000.

Mr. Ross: But what I have in mind particularly, is that any project must be continued or it will be washed up and lost to us.

Hon. Mr. TANNER: They have completed a survey of that area in as much detail as it is possible for them to get it.

Mr. MACNICOL: They have proceeded lately?

Hon. Mr. TANNER: Oh, yes.

Mr. MACNICOL: I agree with Mr. Ross that the work should be expedited as much as possible.

Mr. CASTLEDEN: Are there any irrigated areas that have proved to be unsuccessful after they have been in operation for some period of time; has it been shown over a long period of operation that it is economical, that they can pay the cost of irrigation?

Hon. Mr. TANNER: Yes. We have areas which have proved to be uneconomical because we have not had an adequate number of farmers in the district to carry the capital cost, and they cannot carry the capital cost to the extent that has been required of them. We have two or three small projects that have paid out and been operated and are carrying on very successfully.

Mr. CASTLEDEN: They have paid the full cost?

Hon. Mr. TANNER: Several of them have paid out; but when we come to other projects there is the Lethbridge irrigation district; it was not able to

carry on and to carry that load; it is one that we had to assist. United Irrigation is another one.

Mr. CASTLEDEN: And what was the cause of that?

Hon. Mr. TANNER: Because the capital cost was too high for the number of farmers there.

Mr. CASTLEDEN: And the price that he receives for the product is too small to allow him to carry that overhead of capital expenditure, is that it?

Hon. Mr. TANNER: I think the capital cost should not be at any time placed on the farmer, regardless of the price he gets; that is a national development just as much as the railway would be, and the benefits extend not only to that district but all over the countryside.

Mr. MACNICOL. All over Canada.

Hon. Mr. TANNER: Now, the railway company recognized that when they did—I am sorry I cannot think of the name of the district—they had two projects where they asked the farmer to take them over and paid them for taking them over. They paid the thing out and got them to take it over.

Mr. MACNICOL: Was not that the C.P.R. Western?

Hon. Mr. TANNER: They found at that time that irrigation was beneficial to them even if they took the greater share of the cost of the project as a company; and if they could do that, we maintain that if it is beneficial for a company it is also beneficial anywhere.

Mr. MACNICOL: Did not the C.P.R. give that project to the farmers and give them \$500,000 to operate that C.P.R. Western?

Mr. Ross (*Calgary*): The C.P.R. Western plan has been worked out through, as an irrigation scheme it is well managed.

Hon. Mr. TANNER: That is right.

Mr. TUSTIN: A short time ago you told us that this land was going to cost the settler \$44 per acre, and you said that of that cost the farmer would carry \$12 of capital expenditure of that amount; do you think the farmer can compete if he is assessed \$10 to \$12 a year per acre in connection with that capital outlay?

Hon. Mr. TANNER: I say that our farmers on irrigated projects are more secure than farmers any other place because they have everything: they have water, they have climate, they have good transportation both roads and rail; they have everything and there is no comparison to the security of a man on an irrigated area and one on an area that is not irrigated, and that is the reason why we are sure that he can carry a cost like that and compete. I do not think there is any question in anyone's mind when you get above that cost though and ask him to carry anything like the whole load. It becomes too great a burden.

Mr. MACNICOL: Is it not a fact that the only districts out there that are not on relief are those irrigation districts?

Hon. Mr. TANNER: Yes, Mr. Chairman. I would like to make a speech in favour of irrigation, but I do not think that is in order. But I will say this: you take this little project called the Aetna near Cardston; we paid enough relief in there at the time we were giving these people relief to construct the whole project. And now, that was just in that one short period of time and now we are sure that these people will not be back on relief again. We are sure of that statement. They are just as secure as they can be.

Mr. TUSTIN: There is another point I would like to follow a little further: You made a statement that these new irrigation projects are raising a lot of cannery factory crops. Would the price that the farmer is getting or going to be able to get for his crops be such as would enable him to maintain a capital

charge of \$10 to \$12 per acre, particularly in view of the fact that it is going to cost him \$1.25 to \$2.00 an acre per year over and above his other expense; under those conditions would he be in a position to compete in world markets with respect to canning products?

Hon. Mr. TANNER: It has been proven that he can. They are shipping out hundreds of thousands of cases of canned goods every year; and besides that people like the Grimm Alfalfa Company have their seed factory there. There are pea seeds from that area; and then there are the sugar beet factories—they are producing ten tons of beets to the acre at the minimum price of \$7.00 a ton; that is \$84 an acre.

Mr. MACNICOL: They were getting \$9.50 last year.

Hon. Mr. MANNING: Yes; we had an initial price of \$7 and it has never been below \$6 that I know of; and they do find that after the land has been irrigated, for some time and fertilizer used that the average crop should be not less than 15 tons, so that there is no question about it; and also it has been proven that factories and industries will follow irrigation development.

Mr. CASTLEDEN: There will be some question, will there not, regarding the extension of the sugar beet industry, in the event of importations of sugar again reaching the proportions they attained previous to the war. Was there not some curtailment of sugar beet growing in the irrigated area of Alberta some years ago?

Hon. Mr. TANNER: I am sure you have heard us whine and cry about that, we in Alberta; yes, that is true. We feel strongly, and we have felt all the time that we should not curtail that development but that we should be encouraging and increasing it. There is an interesting investigation which has been carried on lately which tends to prove that if we mechanize our beet industry and put machines for topping, for digging and for loading, into use that we will be able to produce sugar here cheaper than we would be able to import it, and they are now using these machines in Idaho sugar company projects, and using them successfully. We feel that immediately after the war these machines will be made available so we can use them here. I may say that they are far more successful now in the development of that type of equipment than the binder was in the harvesting of wheat thirty or forty years ago.

Mr. McDONALD (*Pontiac*): In the production of canned goods, do you find your markets exclusively in the west or do you ship east or to British Columbia?

Hon. Mr. TANNER: They can for different companies.

Mr. McDONALD: How far east does the production go?

Hon. Mr. TANNER: I do not know how far these companies ship their goods, but they have no difficulty in finding markets.

Mr. BRUNELLE: What is the cost of production per acre for these crops?

Hon. Mr. TANNER: About \$22 per acre; however, in Alberta, if they produce from 12 to 18 tons—you can figure that out; and then, after taxes, water rates, and so on on top of that—their cost would not be more than \$2.50 to \$3 per ton of production. I should have the figures. I want whatever figures I give you to be quite accurate, and I should have had a memorandum prepared on this subject which I could have made available to you. At the moment however I am merely trying to give you the approximate costs from the results of my experience in those areas.

Mr. Ross (*Calgary East*): Then there are thousands of cattle feeders taking these irrigation areas over to raise the winter feed for their cattle and to feed their young stock. These projects supply excellent feed for producing cattle, do they not?

Mr. CASTLEDEN: The price of cattle warrants that, does it?

Mr. Ross (*Calgary East*): Oh, yes.

Mr. PURDY: Just one word there about land settlements, as far as the proposal for the settlement of the returned soldiers is concerned, do these people ever obtain title to that land?

Hon. Mr. TANNER: They have an option to buy it later on, if they wish.

Mr. PURDY: Is that a written statement in the lease at the time it is drawn?

Hon. Mr. TANNER: Yes, it is in the lease.

Mr. PURDY: What is the price per acre charged to them?

Hon. Mr. TANNER: We have had a survey made of that land and when a lease is entered into, the price of the land is set out right in the lease that he is buying the land in the raw state, and he has the right of purchase at any time after ten years. We have given him ten years in which to establish himself and prove that he is a satisfactory farmer, and then he can buy the land; he can do that after two years or three years, at whatever the price is. It is not high, it is a very nominal figure.

Mr. PURDY: Yes; could you give us the range in prices, what the highest would be and what the lowest would be?

Hon. Mr. TANNER: No, I could not at the moment. I said from \$2.50 to \$3; that is the price that is usually set on this land by us to-day.

Mr. MACNICOL: And that is non-irrigated land.

Hon. Mr. TANNER: It is non-irrigated land, up there in the Peace River district.

Mr. BRUNELLE: Could you indicate to us in the order of their importance the various crops that are raised on these irrigated lands?

Hon. Mr. TANNER: I am sorry I have not got that. I think I might indicate however that there are peas, and corn, and beets; and then other canned goods such as pumpkin and so on. But those three are the main crops in the irrigated areas and they are really crops that pay well for their production. And then you come on down to where they produce fodder crops—alfalfa for seed, and hay that is used for the dairies in the districts around the cities; and they go right down to the place, as Mr. MacNicol pointed out, where they use this irrigated land on which to produce feed crops and supplement to insure their renting operations.

The CHAIRMAN: Are there any further questions on this section?

Mr. MACNICOL: Do you mean on page 1?

The CHAIRMAN: We have been dealing with land settlements generally.

Mr. MACNICOL: No, we have only been on irrigation and I would like to ask a few questions about one or two other parts of it.

Mr. AUTHIER: What has been the average cost of establishing these irrigation projects?

Hon. Mr. TANNER: It ranges up to \$44 per acre. That includes the construction of the dams and the whole project and colonizing the area.

Mr. AUTHIER: That has been the cost in the past

Hon. Mr. TANNER: That has been the maximum cost.

Mr. AUTHIER: Could you tell us what the average cost has been?

Hon. Mr. TANNER: No, I could not give you that.

Mr. AUTHIER: Could you not tell us what it has been in the past?

Hon. Mr. TANNER: I could not give you the average cost of these projects; they vary a great deal.

Mr. AUTHIER: Do you think post-war cost will be higher than \$44 an acre?

Hon. Mr. TANNER: No; the finding of the Meeks committee is \$43.99.

Mr. MACNICOL: I would like to ask Premier Manning about the area which lies west of Fort Vermilion on the Peace River. Your brief intimates that the land is good for cultivation in the vicinity of Fort Vermilion and the country north and east of there. I am thinking about the country that lies west of there and north from Hind's Creek, and thirty or forty miles west of Hind's Creek over towards the British Columbia boundary.

The WITNESS: Is that not included?

Mr. MACNICOL: No, I do not see anything in your brief about it.

Hon. Mr. TANNER: Yes, that is referred to. In fact I was pointing that out to Mr. Murchison the other day as one of the very choicest parts.

Mr. MACNICOL: North of Hind's Creek?

Hon. Mr. TANNER: Yes.

The CHAIRMAN: That is a very, very good area. He mentions it in the first paragraph on page 2, between Fort St. John, British Columbia, and Hind's Creek, Alberta.

Mr. MACNICOL: My question had reference to north of the Fort Vermilion latitude.

The WITNESS: No, we do not go quite that far north. That is an area which as yet has not even been surveyed, and I do not refer to the soil survey. The area is an unsurveyed area and we are asking for it to be surveyed immediately. We have had a soil survey made of part of it even though the land survey has not yet been made.

Mr. MACNICOL: To my mind in the Peace River district from Vermilion west practically to the British Columbia boundary, and north of Hind's Creek to the west of that area, is very fine land.

The WITNESS: We probably should have used a more general term there and said just west of Fort Vermilion.

Mr. AUTHIER: What is the total area or the percentage of area in irrigated farms in the province of Alberta?

The WITNESS: We give you that information on page 2.

Mr. MACNICOL: At the bottom of page 3 of your brief there is a reference to the guarding of the resources of the Northwest Territories. Might I ask Premier Manning if he is able to tell us if the province of Alberta has safeguarded the water power rights on the Slave river north of Fort Fitzgerald to Fort Smith. In that area there is a potential electrical development amounting to about half a million horsepower or more.

The WITNESS: I am sorry I do not get what your question is.

Mr. MACNICOL: Very well, I will put it the other way around then: what steps is the province of Alberta taking to safeguard to the public the power rights on the Slave river between Fort Fitzgerald and Fort Smith, an area in which there is a potential electrical development amounting to half a million horsepower? Is the province taking steps to safeguard the power rights in that area or will it let them get into the possession of private interests who might hold up governments by and by if and when it may seem desirable to develop power there?

The WITNESS: I may say, Mr. Chairman, that that is all held by the province.

Mr. MACNICOL: I am glad to hear that.

The WITNESS: And it is our intention to see that it is held.

Mr. MACNICOL: I am glad to hear that, too.

Mr. CASTLEDEN: Are there to be any developments there; and, if so, is it the intention of the government to proceed with that as a government project?

The WITNESS: Not at the present time, no; but that does not mean that we may not do so at some future time.

Mr. MACNICAL: In other words, the province of Alberta retains full power rights on the Slave river?

The WITNESS: Correct.

Mr. BLACK: I should like to ask Mr. Tanner what would be the necessary price to pay for sugar to enable this land to be irrigated and to provide reasonable returns to the raiser of these sugar beets? What would be the base price of sugar?

Hon. Mr. TANNER: Retail price?

Mr. BLACK: Yes, or something else. It does not matter. I want to get a comparative price.

Hon. Mr. TANNER: I think you have asked me a question I cannot answer without a lot of figuring. In fact, I doubt if I could answer it with the figures.

Mr. BLACK: I will ask Mr. Tanner this question. Can this land be irrigated and the farmer produce beet sugar and always compete on a price basis with imported cane sugar?

Hon. Mr. TANNER: I say definitely yes, if we get the encouragement we should have and we can mechanize the industry. I do not think there is any question about that in the minds of those who have been making a careful study of it.

Mr. Ross (*Calgary*): Just what do you mean by encouragement?

Hon. Mr. TANNER: Instead of holding down the production of beets and not allowing the construction of other factories; I say we are discouraging it rather than encouraging it.

Mr. MACNICAL: Are you prevented from building more sugar beet factories?

Hon. Mr. TANNER: Yes, at the present time. I do not know whether I should be speaking for the country as a whole as to how many factories should be built, but I do know this that we could handle another factory or two in Alberta very nicely and supply all the beets that are necessary to run those factories satisfactorily. If we introduce this machinery the information I have from those who have been making a careful study is that we could compete with the cane sugar industry.

Mr. CASTLEDEN: Was there some curtailment of sugar beet seed some years ago?

Hon. Mr. TANNER: It was very difficult to get our beet seed the year before last. We are trying to develop it in our district now.

The WITNESS: I should like to add something regarding the type of encouragement. We argued after the outbreak of war when the sugar situation became serious in Canada that the very loss the country was sustaining in ships alone in bringing the imported product to the country warranted consideration being given to capital investment in sugar refineries which would have enabled the product to be produced here. That is the type of thing we thought was encouragement to the industry. The loss of one ship alone importing sugar would put up two good sugar factories that would enable the irrigation area to be extended and produce in our own country a commodity that had to be imported.

Mr. MACNICAL: You have two splendid sugar beet factories now, one at Picture Butte and one at Raymond.

The WITNESS: Yes, but we need three or four more.

Mr. BENCE: Did you mean by that the discouragement was in the way of the materials not being available or the fact that you were not allowed to proceed with the construction, or do you have some reference to the price ceiling on sugar, and incorporated with that would you also answer whether or not

you were suggesting that it be a government-owned proposition or what encouragement be given to private enterprise to construct factories?

The WITNESS: The main question was the matter of financing the construction of factories. Capital was not available locally to do it. Our submission was it was worthy of financial assistance on the part of the dominion government. As to how the assistance should be given, that is a stage that was never even reached because we could not get to first base even with the acceptance of the principle that capital should be made available for the expansion of the sugar beet industry, but that was our contention at the time. These losses were being sustained by the government of Canada as a result of importing a product we could produce. I may say the main argument that was advanced against the suggestion was their claim that what would be the situation after the war when they had to compete with the imported cane? As Mr. Tanner has already said, our claim is with the industry put on a modern scientific mechanized basis that they can compete successfully. That is not accepted in some quarters.

Mr. BENCE: Was it your suggestion that the federal government take over the factories and operate them as such?

The WITNESS: No.

The CHAIRMAN: Any further questions on land settlement before we go on to the next subject?

Mr. Ross (*Calgary*): Referring to the resources of the Northwest Territories—that is perhaps a little beside the point.

The CHAIRMAN: Let us stay with this point until we are through with it. Are you dealing with the land settlement phase?

Mr. Ross: It is dealing with resources in that area.

The CHAIRMAN: We decided to stay on one subject.

Mr. Ross: It is referred to in this section.

The CHAIRMAN: All right, go ahead.

Mr. Ross: I was wondering if you, Mr. Chairman, should not take the matter up with the steering committee to see whether or not someone should not come from the department who might give us a lot of useful information with regard to the Northwest Territories. It seems to me that after this war we are going to have a network of airways in Canada and that men might be flown into the Northwest Territories for fishing purposes, to explore, to search for mineral wealth.

The CHAIRMAN: The steering committee is dealing with that now.

Mr. Ross: You are: I will not say any more then.

Mr. CASTLEDEN: There is one other question. We are advocating here a sort of continued expansion of production of goods. Is it a wise thing to do this unless there is more of a guarantee of prices? If we go back to where we were between 1930 and 1939 we had a tremendous production of goods in this country, cattle selling for 1 cent a pound and wheat selling for 25 cents a bushel and coarse grains that would not pay their freight as far as Winnipeg. Have you got anything that you could advocate with regard to stabilization of prices that will put this whole production on a more sound and economic basis?

The WITNESS: Of course, Mr. Chairman, our submission is that conditions are such that we can produce the commodities that are primarily referred to here on a competitive basis with what they can be produced in other places. Our argument is if that cannot be done then we are talking about the wrong kind of production. There is no good trying to have an artificial situation created to protect production if that line of goods can be produced more economically somewhere else. The obvious thing to do is to produce something else and exchange. Our contention is in respect to the products we refer to

we can compete on an economic basis with what it costs to produce those commodities somewhere else as long as there are no artificial circumstances coming in between to make it impossible for that to be.

Mr. CASTLEDEN: But we did have farmers producing goods throughout the whole of the west, and although they did an immense amount of production they were bankrupt. The prices which they received for their commodities were such that it was not economically sound for them to carry on production. It was not so much that there was a surplus of production but a lack of a market even within Canada itself.

The WITNESS: Our submission in the brief in that regard is that the lack of a market was primarily due to the shortage of buying power in the hands of the people, and that problem should be solved from that end rather than an artificial restriction in the market. Enable the people to buy the products and I do not think you need worry about the market.

The CHAIRMAN: We will go on now to page 4, forests. Are there any questions on forest development?

Mr. PURDY: Would you clear up the point about forest reserves and areas outside the forest reserves as to just what is meant by those two terms?

Hon. Mr. TANNER: Forest reserves are areas that have been set aside to be given special consideration and protection. Most of these forest reserves we have in Alberta to-day are on the east slope of the Rocky Mountains. We feel they must be given special protection and consideration to guard drainage and to conserve our moisture which goes through Alberta and Saskatchewan and on into Manitoba. In those areas we do not allow the same free grazing and hunting privileges that we do elsewhere. They are all carried on under very careful management.

Mr. MACNICOL: May I ask what does the dominion government do to help you maintain these forests in the foothills on the east slopes of the Rocky Mountains?

Hon. Mr. TANNER: Very little; in fact, we feel that the federal government should recognize that area as a national problem because it is in the interests of those three western provinces, at least. I think that is recognized by foresters.

Mr. MACNICOL: I agree 100 per cent that for the sake of Saskatchewan and Manitoba the dominion government should see to it that the water resources on the east slopes of the Rocky Mountains are preserved through preservation of the forests. If they do not do it it will be a sad day for Saskatchewan and Manitoba.

Hon. Mr. TANNER: I know from the report of the forestry convention that was held here it is recognized all over Canada as a national problem.

Mr. BENCE: In view of the fact also that some of these things are purely within provincial jurisdiction does the government of Alberta suggest that these things be financed by the federal government without any control or without any kind of inspection or review by the federal government, and that they merely supply the funds and then turn it over to the province to look after?

Hon. Mr. TANNER: We have made recommendations to the federal government for the past three years trying to get some action there. We feel they should arrange with the provinces for a certain program to be carried on in the area and that they pay a good share of the cost of carrying out that project.

Mr. BENCE: You suggest as far as the post-war proposition is concerned that they pay all of it?

Hon. Mr. TANNER: Not all of it, but that they make available to us the necessary moneys for carrying out a post-war reconstruction program.

Mr. BENCE: If they make the money available they are putting it up; is that the idea?

Hon. Mr. TANNER: We would look after the administration of the area. We are doing that now. We cannot spend the money that is necessary. We cannot have the number of men we feel are necessary. We cannot construct roads, put in radio and telephone systems necessary, nor can we carry out reforestation, but we can do a certain amount and we feel that the dominion government should make available to us grants of money on this basis, that certain things be done in the area, and as those things are done in the area that are not done now are necessary that they pay for that work. Does that answer your question?

Mr. BENCE: I think so. I took it from the last page of your brief that you expected the dominion government to finance all of your post-war reconstruction matters that came within the jurisdiction of the province.

Mr. SANDERSON: Mr. Chairman, the Minister said something about a share from the treasury of the federal government. What had you in your mind?

Hon. Mr. TANNER: You mean the amount of money necessary?

Mr. SANDERSON: Yes.

Hon. Mr. TANNER: It would depend on the program that we agreed should be put in there. The thing I was saying in answer to this gentleman at the back was that we were not asking for a straight grant in that particular area now to just be used as we feel it should be used without some guarantee to them that it would be used in a program in the interests of the other provinces, and that it would be given proper supervision and control. That would be by agreement so that they would know the work was being done. If we agree on this work being done then they should take care of the cost over and above our interests in that district. It is not a provincial thing at all.

Mr. MACNICOL: You are quite right.

Mr. SANDERSON: It opens up the whole question of financing. I am not critical at all, but you come down here and have a big plan covering many matters. I should like to know if you have any figures or the total cost that you would like to spend in your province and what you ask from the government here at Ottawa, how much money they would put up?

Hon. Mr. TANNER: I think probably I should leave that to the premier to answer other than to say our costs are set out here as accurately as was possible for us to set costs out at this point. As pointed out in the brief we have gone to a lot of expense and time and effort to get this brief set out as definitely as it is.

Mr. SANDERSON: I would be very glad, Mr. Chairman, if the Premier would give me some facts in connection with this.

The WITNESS: I am not quite sure whether the hon. gentleman is referring just to this matter of forestation or to the whole project?

Mr. SANDERSON: The whole matter.

The WITNESS: In so far as the whole post-war project is concerned, what we have tried to give you here is a summary of those projects which at this stage appear to us to be most necessary and advantageous for general post-war reconstruction. What we felt and feel should be done with the material as it stands thus far is that it should be weighed and co-ordinated with whatever national program the dominion has in mind for the whole of Canada. Obviously it will not be possible just to take specific projects of each individual province and put them together and call that a national program. There will have to be a measure of co-ordination which will probably mean the undertaking of

other types of post-war reconstruction altogether in addition to what we have suggested here. In view of those circumstances, while we could give you a fairly close approximation of what these particular projects might cost—

Mr. SANDERSON: I would like that.

The WITNESS: I think you will find with the majority of them it is set out in the submission. It is particularly in the case of public works projects, and the same way with the irrigation projects. We have set them out wherever they are available. The aggregate of those is the over-all cost of this tentative submission.

Mr. SANDERSON: What is the total?

The WITNESS: I have not added them all together. They are all in the brief.

Mr. SANDERSON: I should like to have the total.

The WITNESS: That is a very simple matter.

Mr. SANDERSON: I think the committee should have the total, too.

The WITNESS: The only point that I would like to emphasize in regard to that is I do not want the committee to have the impression this is a cut and dried, hard and fast post-war project for Alberta from which no subtraction should be made or to which no addition should be made. It is merely an interim report of the situation in so far as we have been able to analyze it to date and prepare material that is as accurate as we have been able to make it in the time at our disposal, but I am not suggesting to the committee for a moment that this should be taken as the last and final word on the type and extent of post-war reconstruction within the province for, as I said a moment ago, I feel this should be compared with and co-ordinated with a complete national program. It may necessitate its expansion, changes in certain aspects and so on, and for that reason, while I have no objection to adding up totals I do not want to give the committee the impression that here is a cut and dried, hard and fast figure and there is to be no change.

Mr. SANDERSON: I do not think the committee would view it in that light but you are here asking the federal government to finance you in a certain way for certain things. Surely you can give the committee some figures on it, \$10,000,000, \$20,000,000, or whatever it may be.

The WITNESS: I may say it is only a matter of a few minutes to add the totals together, but I should like to again emphasize in that regard we are not here to-day asking for money for specific projects. That is not our purpose before this committee. We are merely pointing out projects we feel will be of value to you in discharging your task of finding employment for these people, and in addition to that, in view of our conviction these projects cannot be paid for under present methods of financing, we have attached our recommendations as to how we feel the projects can be paid. We are not here to-day asking the dominion government for money for specific projects at this stage.

Mr. SANDERSON: I am not satisfied, Mr. Chairman, with the Premier's answer.

Mr. BENCE: He has answered it.

The CHAIRMAN: I think, Mr. Sanderson, that what the Premier means is that the sum total can be taken from the estimated figures given from time to time within the brief if we add it up. They might add it up and see what the total proposals would amount to if they were all carried out. I think he has given costs in many places.

Mr. SANDERSON: I would think that this delegation, before they came down here, would have the sum total figured up.

The WITNESS: I do not want the gentleman to feel I am not giving the information he desires. Maybe I have a misunderstanding of the type of

information this committee wanted. I understood you wanted to know the project in Alberta that would help you find employment for men after the war. Our contention is if these projects are in the interests of Canada and are going to solve the big problem that you gentlemen in this committee are struggling with—and I realize the magnitude of it—then the costs should be of secondary consideration. If it is necessary it has to be done whether it costs \$100,000,000 or \$1,000,000,000; and that is the whole tenor of our argument. In the course of my brief I say monetary consideration should not be a barrier to stand in the way of the implementation of these projects after the war if they are necessary to do the job that this committee is devoting its energy to. I do not think it is a matter of dollars and cents; it is a matter of, are these projects sound economically, will they help the problem of post-war reconstruction? If they are then our claim is the money should be made available irrespective of the amount involved.

The CHAIRMAN: Is that satisfactory?

Mr. SANDERSON: No, Mr. Chairman, it is not satisfactory to me.

Mr. BENCE: After all, a great deal depends on the cost of labour. How can we estimate the cost of labour?

Mr. SANDERSON: I would not expect it would be figured down to the dollar. Surely when you men come down here before this committee you should give us some figures in connection with what you think should be spent in your province. I am not critical of that. I hope you get what you ask for but I should like to know how much it would be.

The CHAIRMAN: What the Premier means, as I see it, is this: We asked each province to appear before us to give us a picture of conditions in each province and what could be undertaken at the end of the war to help solve the problem of unemployment. I am not sure that they could give us the exact cost, but in many cases they have given us estimated costs. Now, possibly the one weakness, as you have pointed out, is that they could have added everything together and shown that total as the total program which we think ought to be considered, and if it were carried out it would cost thus and so. But they are not asking us in this particular brief to pay anything. They are saying to us, the things that could be done for the benefit of Alberta and for the benefit of the national economy of Canada are so-and-so. I think that is what their intention was. They are showing up the things that should be done if we as a committee of the House of Commons wanted to do something to aid the national economy of the country. We may not see it in the same way, but that is a matter for our own judgment. All we asked them to do was to outline the situation to us with regard to Alberta as they see it, not as we may see it.

Mr. SANDERSON: We had a delegation here yesterday that had their figures on what money they would spend on houses and other things.

The CHAIRMAN: They were in an entirely different category. They were here telling us—and they did it very well—what types of construction they thought should be carried out and what the cost would be, because they are men who can estimate costs owing to the fact that they are contractors. They estimate costs every time they undertake to do any particular piece of work. You will notice, that while they dealt with housing, there are a great many things mentioned in this brief of Premier Manning's that they did not deal with. However, your question is noted and certainly will be given consideration when the committee is studying the brief.

Mr. SANDERSON: I think we should have it to-day.

Hon. Mr. TANNER: May I make one observation. In this brief all the way through you will find we have given you the annual cost to show how many men would be employed and what money has been spent in carrying on this

work. Now, it would be impossible I think to set up what the total cost of all would be unless you set out here whatever the total capital cost is and your total annual cost of administering the project. I think that would be impossible.

The CHAIRMAN: I am afraid we could not get it to-day, but that is something we as a committee will keep in mind when we are studying the brief.

Mr. SANDERSON: I do not know how we can keep it in mind if we cannot get the figures.

The CHAIRMAN: Is that all right?

Mr. SANDERSON: No, it is not all right.

The CHAIRMAN: We cannot get it from them but we will just remember it.

Mr. SANDERSON: You as Chairman could get it from them if you asked them.

The CHAIRMAN: If they cannot tell us—

Mr. SANDERSON: They can tell us. You do not mean to tell me, Mr. Chairman, that these gentlemen, the Premier of the province of Alberta and his ministers, came down here without any figures of what they want spent in their province. I am not criticizing that at all. Surely they have the figures.

The CHAIRMAN: I do not know.

Mr. SANDERSON: Surely they have the figures of whether it is a million or ten millions or twenty millions, whatever it might be. Surely they should give us some figures.

The CHAIRMAN: I am not arguing on behalf of the Premier because Mr. Manning and his associates are quite ready to argue for themselves, but when you asked the question they were talking of conservation work and things that should be done in the foothills of the mountains in order to preserve the water supply of Alberta, Saskatchewan and Manitoba. It might be evident to them that certain works are necessary but they might not be able to know just what that work would cost and if they gave you an opinion it might be wrong. Since in their opinion it should be a national undertaking they may not have put engineers on the job to find out what it would cost. However, they point it out to us and we accept it or not as we see fit. They do not say to us that the works outlined by them should be done under federal expenses and not under provincial expenses and they are not saying that the engineers should do this or that, and that the cost will be such-and-such. They are simply saying that water conservation work should be done in the foothills of the mountains. Lots of their other statements are of a similar nature; but you will note when they come down to public works and that sort of think they do provide actual costs.

Mr. SANDERSON: You do not mean to say they came down here without any estimates?

The CHAIRMAN: Evidently in this particular instance they did. We have to take that. They are not down here under compulsion. We must take the statement as they make it. They are not under compulsion. They are not under order to give us anything; they are here giving a statement and we take it as they give it and treat it as we see fit. I think that is all we can do at the moment.

Mr. SANDERSON: That is nothing at all.

By Mr. Castleden:

Q. Then, coming back to the matter of forests. Under the heading of "Forests" on page 4 you say that is Alberta's second largest revenue producer. What is the nature of this forest revenue; is there any way of increasing those so that you may be able to obtain more of this revenue for carrying on this expenditure out of the natural resources?—A. Of course, we are referring to the over-all value of the forests and the production from the forests, not just the money, the public revenue.

Q. You say that your largest revenue—

A. Next to agriculture, yes.

Q. What is the nature of it?—A. Sale of the timber.

Q. You have a large timber industry in Alberta?—A. Yes.

Q. From which you receive revenues?—A. My point is when we say "revenue producer" we are not speaking of revenue to the public but the total over-all revenue of the sale of the timber; that is, the industry, materials and everything else. I am not referring just to revenue to the province.

Q. If it is a large revenue producer for someone, maybe not for the province, is there any way of increasing the provincial revenue from that industry so that you could obtain more money from it to carry out those conservation projects?

Hon. Mr. TANNER: At the present time we collect what we call a stumpage rate; the basic rate is \$3 per thousand, and we also charge a rental for the ground; that is to say, if they have so many thousands of acres of timber we charge so much rental per acre.

Mr. CASTLEDEN: What is the rate?

Hon. Mr. TANNER: It was the same as on oil, a dollar per acre—no, it is not, it is different. I cannot give you the exact figure but it is a different price in different parts of the province both for stumpage and different kinds of berths or ways of holding that timber.

Mr. CASTLEDEN: Is it a lease?

Hon. Mr. TANNER: But we are in this position, that we hold the rights all the time in the name of the province. We lease a man an area and he agrees to pay us so much per acre and so much for stumpage. We are in the position that we direct how he shall operate that area at all times; that he must cut so much timber and he must leave so much timber and he must clear away his slashings and all these things; and we have our timber inspectors out there to see that it is carried out. We also keep ourselves in this position with regard to all of our natural resources, timber, oil, coal and so on, that we are in a position to change the rate on these things if and when we feel it should be done. If the province is not getting its fair share of the returns from the production of oil we are in a position where we can increase the royalty and when we enter into an agreement with a company to develop he agrees that it can be done, and the same applies to timber. I imagine you probably have followed the case that we carried right through to the Privy Council to establish that very principle.

Mr. McDONALD (*Pontiac*): Who pays for the fire protection?

Hon. Mr. TANNER: That is according to the type of lease he holds. In some cases they pay it and in some cases we pay it; there are three or four kinds of leases.

Mr. BENCE: It is the same, you say, in connection with coal?

Mr. Ross: (*Calgary*): What is the province doing to protect the forest at the present time? What I have in mind is this: Are they building roads in to get the timber out and to allow the fire fighters to go in to protect the forests? Are they requiring young trees to be planted to replace the trees cut? Along that line, what is your province doing at the present time?

Hon. Mr. TANNER: We have established a radio communication over practically all the province, especially north of Calgary and we are at all times cutting new trails and keeping trails in order that we have already in that area. We require the company who is cutting the timber to build stone roads into the timber. That is the obligation or the responsibility of the company, and as far as reforestation is concerned we require them to leave trees of a certain diameter. They can only cut up to that diameter. We require them to clean

up the slash and to leave opportunity for these new trees and young trees to grow.

Mr. CASTLEDEN: Have you any figures of the lumber production for 1941 and 1942?

Hon. Mr. TANNER: Yes.

Mr. CASTLEDEN: In your province?

Hon. Mr. TANNER: We have them right here. The lumber production was 275,000,000 up to the end of 1942.

Mr. CASTLEDEN: That is all types of lumber?

Hon. Mr. TANNER: Yes.

The CHAIRMAN: Are there any further questions on forests?

By Mr. Purdy:

Q. I see here under the item of "Forests" that you say that there should be immediate consideration of the meagre monetary returns, and then a little further on you say "It is also a fact that during the past decade those losses in Alberta have amounted to more than \$6,700,000 in damage to timber. . . ." Those statements hardly seem to be consistent. When you say you lost \$6,700,000 in a decade by fire. You must have sold considerable timber too?—A. The losses by fire were on the standing timber.

Q. I understand. That is, timber which could presumably have been cut?

Hon. Mr. TANNER: Yes. The losses were on the timber that could have been used for lumber.

Mr. PURDY: And belonging to the Crown?

Hon. Mr. TANNER: Yes.

Mr. PURDY: No doubt without any salvage out of it. That would be Crown timber the Crown could have sold for another \$6,700,000.

Hon. Mr. TANNER: No; that is not what I wish to state. There was that much timber destroyed that the companies could have produced.

Mr. PURDY: The Crown could have sold the stumpage or cutting rights.

Hon. Mr. TANNER: We would have taken our portion of that.

The WITNESS: There may be less; that is just the figure we give.

By Mr. Purdy:

Q. You say \$6,700,000 is the selling price?—A. Yes.

Hon. Mr. TANNER: Valued at the price where the lumber is sawn.

Mr. PURDY: The price you get for it?

Hon. Mr. TANNER: No, the price that it would be sawn at right at the mill.

Mr. PURDY: All except transportation cost is taken into that?

Hon. Mr. TANNER: The price placed on the timber, the value placed on the timber when it is sawn, and that covers much more than transportation. It is usually two or three times the value of the timber as it is sawn.

Mr. PURDY: What else does it cover?

Hon. Mr. TANNER: It covers the cost of drying, the cost of transportation, the cost of the wholesale merchant and the retail merchant and so on.

Mr. PURDY: It is usually in advance of 33 $\frac{1}{3}$?

Hon. Mr. TANNER: No, the advance is usually 200 per cent. The cost of the mill is roughly in excess of one-third of what you pay for it when you buy it for your house.

Mr. PURDY: The cost at the mill after it has been manufactured into rough lumber?

Hon. Mr. TANNER: Yes.

Mr. PURDY: I think you had better go into the lumber business and figure it out a little bit more.

By Mr. Ross (Middlesex East):

Q. I should like to ask the meaning of this sentence on page 4 under the heading of "Forests." This is the sentence : "For the meagre consideration of the monetary returns from a few timber berths, the province of Alberta bears the entire cost of guarding for the benefit of the prairie provinces more than 14,000 square miles in the forest reserves and over 145,000 square miles outside the reserves."

Hon. Mr. TANNER: What was your question?

Mr. Ross: (*Middlesex East*): What is meant by this: "For the meagre consideration of the monetary return from a few timber berths."

Hon. Mr. TANNER: We handle these forest reserves differently from the way we handle the areas outside the forest reserves and the timber cut in these areas is smaller; the amount of lumber is very small in comparison with the other. I cannot give you right off-hand the amount, but it is very small.

Mr. Ross (*Middlesex East*): I just wanted to relate the return and the total expenses; I want to relate it to the figure of the total loss of \$6,700,000.

Hon. Mr. TANNER: Our administrative costs in that area far exceeded the revenue that we receive as a province.

Mr. Ross (*Middlesex East*): I can understand that.

Hon. Mr. TANNER: I do not think—

Mr. Ross (*Middlesex East*): There are no figures to show the relation of the actual cost.

Hon. Mr. TANNER: Quite.

Mr. Ross (*Middlesex East*): You have the total loss, there is no percentage to show the return and the total cost of guarding the timber. It looks like a large amount to me, \$6,700,000. You are not getting anything due to the lack of safeguarding the timber. As a matter of fact, that should be taken into account.

Hon. Mr. TANNER: I was giving this figure of \$6,700,000 as the loss of the timber itself. The cost of administering that area by the province to-day is greater than the return, the total return of revenue we get from it.

Mr. Ross (*Middlesex East*): You have not got the figures.

Hon. Mr. TANNER: No. Our public account would give you that, but I am sorry I have not got them with me.

Mr. MACNICOL: When you speak of forest reserves, are you referring to the mountain forest reserves?

The WITNESS: The mountain forest reserves are the ones to which we are referring here.

Mr. MACNICOL: Yes. I hold that it is very important that these reserves should be preserved to the fullest extent. The member for Saskatoon (Mr. Bence) asked a question a short time ago—I have just forgotten what it was—but the thought which came to me at the time was the vast importance of the preservation of forests on the eastern slopes of the Rocky Mountains and all that it means to the province of Saskatchewan, because the more they are cut down or destroyed, the more rapidly your water resources are depleted, particularly on the Saskatchewan. They run off in the spring very rapidly. I have a very firm opinion that the federal government should do everything in its power to maintain and assist in maintaining the forest reserves on the eastern slopes of the Rocky Mountains.

The WITNESS: Referring to that figure which was given just a few moments ago, some \$695,000 odd, I think that one of the members asked if for comparative purposes it could be obtained from public revenue account. It can be ascertained from the public account, but I think I should point out that that figure is for a ten-year period and therefore it is not to be compared with the figure as to annual revenue which appears in the public account.

Mr. PURDY: Does that amount cover all the forests of Alberta, or the forest reserves alone?

The WITNESS: Yes, that covers all over the province.

The CHAIRMAN: If there are no further questions on this subject we will proceed to coal.

By Mr. Bence:

Q. I would like the Premier to elaborate this statement, if he will. Right at the beginning of this statement he says:—

It is estimated conservatively that more than 85 per cent of Canada's available coal reserves lie in Alberta, but my colleagues and I are not prepared to suggest to what extent coal may enter into post-war rehabilitation and employment until we have more information about future federal and international industrial policies.

A. There are a number of factors that enter there. As you know, in the past coal coming from Alberta to eastern markets has been subsidized. Now that whole picture at the present time, or at least for the future, is unknown as far as we are concerned. War circumstances have entirely altered the immediate situation. Until we know what the national policy is going to be in respect to subsidies, freight rates and so on, it is very difficult for us to see what the future will be insofar as it applies to the development of our coal resources. As to the reference to international policy, that has to do with what may be done to open up western Canadian coal to the American markets in the western states. And that, of course, will be effected by international arrangements. As we argue further on in the brief, from the economic standpoint, it seems more logical for us to supply coal to the northwestern states rather than continuing the tremendous long haul down to eastern Canada. There again it involves a matter of international trade agreements. Unless we know what the policy is going to be, it is very hard for us to say what may be the future in the development of this industry. Those are the two important factors; the question of freight rate subsidies, and the American market.

Q. There is a definite market in the United States?—A. From the American standpoint, it is definite. It is a question of tariff arrangements.

By Mr. Brunelle:

Q. Are there any coal mines in those American states which would be supplying this coal?—A. They have certain sources of supply, but they are still shipping eastern American coal out there to that part of the west. Our argument is: why should they ship across the United States that far west and we ship all across Canada to the east; that it would be better to ship the eastern coal to eastern Canada and the western Canada coal to the States.

By Mr. McDonald (Pontiac):

Q. Have you any knowledge of the extent of the market in those States?—A. Any figure that we could give at the present time would be just a very wide estimate; but there is a very large and substantial market, as a matter of fact it would be much larger than anything we have in eastern Canada.

Q. Have you any idea as to what extent it would look after your production?—A. Basing it on what we are able to export to eastern Canada, it would give us a bigger market than we now have.

Q. What are your figures as to the amount shipped to eastern Canada, is it 25 per cent of your production—more or less?—A. As of the end of 1942 our annual production was 7,000,000 tons and our exports to the east—I am sorry I haven't got that figure at hand.

Q. Could you give me an approximate idea; or, what would be the extent of the market there?—A. There is no doubt that it would be quite extensive, much more than we have been shipping down to the eastern market; that is to say, the potential market in the western states is much greater than anything we have had in the past.

By Mr. Black:

Q. As I understand the situation, the only disadvantage under which you labour is the American duty of 75 cents a ton?—A. That is what we refer to here in our brief.

Q. Is that 75 cents a ton sufficient to prevent your marketing your coal in the western States to which you have referred?—A. I would not say that factor alone was, there are other factors which enter the situation.

Q. I understood that to be the statement that you made, that you could not overcome the trade barriers, and that if you could, you could find an outlet for your entire production in the central western states.—A. I would like to make it clear that a lot more enters into it than just that one charge; you also have the matter of the American policy of supplying eastern coal to the western states, and that again is a matter of government policy. Then, in Canada we have not been able to get everything we think we should have; we have not been able to get a greater share of the eastern market. And we submit that there should be worked out an international agreement with the United States in which all these factors would be most carefully taken into consideration and an arrangement worked out that would be more economical for all concerned and will permit of our disposing of our coal on the other side of the line.

The CHAIRMAN: Do you know whether the United States is paying a subsidy on the eastern coal being shipped to the western states; do you happen to have that knowledge?

By Mr. Ross (Middlesex):

Q. You refer to the fact that we are now sending coal to certain of the western states? What incentive is there to the American buyer to buy this coal now, is it a matter of price?—A. Do you mean the coal they are getting from the eastern states?

Q. No. You mentioned a moment ago that there was a certain amount of western coal being shipped into certain of the western states; what has been the incentive for their purchasing it?—A. For practical purposes, I do not think it amounted to anything prior to the war. Now, of course, the whole situation has been altered under war conditions, because of the transportation problem and a lot of other factors that come into it. The main problem with them is somewhat similar to ours, they are receiving a lot of their coal from the eastern fields with a very long haul right across the continent, and the main problem we have on this side of the line is the moving of our coal down to eastern Canada which also is a very long haul; and to us it seems logical that some arrangement should be made between the two countries by which this difficulty could be overcome.

Q. You have been producing this western coal and it is now barred from those central western states, and I take it that the reason you gave for not sending it there now is a tariff charge of 75 cents a ton and also the other

charges to which you referred. What was this situation prior to the war?—A. I do not think it amounted to anything then.

Mr. BLACK: I think the answer to that question is that unless the coal producer could market his coal in central Canada he could not operate his mines. I think Premier Manning will have to substantiate his suggestions to a further extent than he has, that it is a possible market for Alberta coal, that to allow these mines to operate they would have to find markets for their product in the western central United States. I repeat that in my opinion the reason for the present arrangement is to provide a market in central Canada for eastern coal which has to be marketed in central Canada in order to get an outlet for the production; that applies either to the east or to the west.

Mr. Ross (*Calgary*): My understanding of it is this, that these tariffs were put on in respect of coal in order to protect Nova Scotia so that Nova Scotia could get its coal some distance west, and if the tariff were removed and if we were to have free trade including coal, it would be better for western Canada than it would be for them to continue to send their coal down into the eastern market and try to get their share there. The people of Sydney mines are bound to send their coal up into eastern Canada or they are sunk. My understanding of it is that these tariffs were put on because of the long haul on coal. I may be wrong on that.

Mr. GILLIS: You are wrong on that. I am entirely in accord with what Premier Manning has given us here. As to the situation down at Sydney, if they were to give us a clear field in the market, it would serve absolutely the same purpose. It is all a question of geography and its relation to our proper markets. It should be possible to eliminate these long hauls and to do that we would have to break down these artificial barriers.

Mr. BLACK: The Sydney mines make the statement that if the tariff were done away with, the payment of that 75 cents per ton duty, the Nova Scotia mines could market their entire output in the United States, rather than sending it up to central Canada where a subvention is being paid which now amounts to \$2.50 a ton. I disagree with that statement myself.

Mr. GILLIS: I knew you would.

Mr. MACNICOL: As an Ontario consumer let me say that we in Ontario are consumers of both Alberta and Nova Scotia coal, and we want to use both Alberta and Nova Scotia coal, we want to deal with our own friends in Canada, but it is a question of getting the coal to us. I think we are gradually overcoming that as far as Nova Scotia coal is concerned. We were using somewhere around 2,000,000 tons of their coal and the market was growing—growing rapidly—I used it myself and Alberta coal as well.

Mr. GILLIS: That is all off now.

Mr. MACNICOL: It is all off now—we are speaking of after the war. I believe the witness made a statement that in Alberta they have about 85 per cent of all the coal in Canada.

The WITNESS: It is estimated at that.

Mr. MACNICOL: In their province a lot of it is in northern Alberta and a lot of it is right alongside of the Saskatchewan River. Have you been considering at all the possibility of floating the coal down the Saskatchewan River as far as Winnipeg? I can see how that would open up great things in the way of getting the coal down here to Ontario, and even might make it possible for us to buy your coal for much less money than it is now costing us.

The WITNESS: With respect to that, Mr. Chairman, the members of the committee are probably familiar with the fact that back some years ago—I think it was 1910, around 1910—there was a complete survey made to ascertain the possibility of opening for navigation the Saskatchewan River. A survey

went right from Rocky Mountain House down to Winnipeg and there is some very complete data arising from that survey. Nothing has ever been done regarding developing it beyond that point.

Mr. MACNICOL: Except with the one exception of the lock at one point there—it is known as St. Andrews' locks on the Red river.

The WITNESS: With that exception.

Mr. MACNICOL: And the rest of it should be done.

The WITNESS: The engineering data are there, even the estimated cost. I might say that we have recently been checking into that original report to ascertain whether there is something there that should be considered as a possible post-war project, but we did not feel at the stage where we made this statement that we had anything sufficiently definite on it to warrant our including it in our submission of the list of projects which might definitely be proceeded with. If we were able to float our coal that way right down to Winnipeg, it would certainly lower the cost of transportation. We are now going into that original report to see if in our opinion there is anything further that should be considered that might make it feasible as a post-war project, but it was not at a stage which we felt would warrant including a reference to it in this submission.

Mr. MACNICOL: And it would cost it was estimated around \$20,000,000?

The WITNESS: \$23,000,000.

Mr. CASTLEDEN: And it would be closed about seven months of the year.

The WITNESS: About that.

Mr. CASTLEDEN: And you would have the problem of low water.

The WITNESS: The survey provided for the dredging of the river, the deepening of the channel and everything.

Mr. CASTLEDEN: And putting in the dams, the locks and so on.

The WITNESS: Mr. Chairman, in answer to that question which was asked about the tonnage moving to eastern Canada, in 1941 it was 726,566 tons and in 1942 that had dropped to 526,856 tons. That was largely due to the effect of war conditions.

Mr. McDONALD (*Pontiac*): Can you tell us how far east it came?

The WITNESS: Most of it went to the Ontario market, probably very little of it went into western Quebec; it went almost entirely to the Ontario market.

Mr. MACNICOL: Mr. Chairman, might I ask Premier Manning if they are opening up a new mine at a point just a little west of Edmonton, about forty miles west of there?

Hon. Mr. TANNER: What are you referring to?

Mr. MACNICOL: That is known as Wabamun?

Hon. Mr. TANNER: Yes. I do not know whether they are in actual operation yet, but arrangements are ready for it and the lease is completed.

The CHAIRMAN: And now, if we are through with coal we will turn to the next section which is oil, natural gas and oil sands, and while we are on that, I think we might as well also include salt, silica and clay; they are closely related items and I think they might very well be dealt with together.

Mr. CASTLEDEN: The first question I would like to ask is if you have any figures of the value of oil production in Alberta, say in the past three years, and also the provincial revenue from that oil production—you can give that answer later on if it is not immediately available.

The WITNESS: The production was 10,000,000 barrels—that is in round figures.

Mr. CASTLEDEN: That is all right.

The WITNESS: That is for 1942.

Hon. Mr. TANNER: The value was around \$14,000,000.

Mr. MACNICOL: And that is at the well head?

Hon. Mr. TANNER: Yes.

Mr. CASTLEDEN: And the provincial revenue from that?

Hon. Mr. TANNER: The province is placed under somewhat of a handicap. I should like to make it clear to you that at the time we took over the natural resources a large amount of the mineral rights had been given to the companies or to individuals with the surface rights. For instance, when the C.P.R. built their line across Canada they took their grant of land with which the mineral rights went, and the same applied to the Hudson Bay Company; they obtained certain land and the mineral rights went with it; and some of the homesteaders when they got the patents to their land also received the mineral rights.

Mr. CASTLEDEN: But that is only a small percentage.

Hon. Mr. TANNER: I will show you how that works out. You take in the Turner Valley, approximately half of the oil produced is from land where the mineral rights have been alienated from the province.

Mr. CASTLEDEN: And from that you get no revenue.

Hon. Mr. TANNER: From which we get no revenue. From the oil produced from our own lands we have been getting a royalty of 10 per cent. Last year we changed that royalty to 12½ per cent on a sliding scale. I do not know whether you want to go into detail, but we get approximately 10 per cent of the value of the oil at the well head.

Mr. CASTLEDEN: Can you give us any actual figures for it, the same as you gave us for the production? How does that sum up? Is that the total result from the 14,000,000 barrel production of the whole province, as to the revenue the provincial government receives?

Hon. Mr. TANNER: Approximately half a million dollars, because it will be one-half of 10 per cent of 14,000,000.

Mr. CASTLEDEN: And what share of that would the government get?

Hon. Mr. TANNER: That is what I say, that is what we get; roughly around a half a million dollars.

Mr. CASTLEDEN: That includes all kinds of oil, and that is with crude running at \$1.40 a barrel?

Hon. Mr. TANNER: At the well head, yes.

Mr. Ross (*Calgary*): I do not know why he said half of 10 per cent.

Hon. Mr. TANNER: Because half of the oil that is produced in the Turner Valley is produced from land with which went mineral rights.

Mr. MACNICOL: Mr. Tanner appears to be most familiar with the oil problem. Last spring this House of Commons voted \$750,000 to develop the production of oil and asphalt from the tar sands at the junction of the Clearwater and the Athabasca rivers. Can you tell us how far advanced the new mills are, and if they are now in production and what they are producing?

Hon. Mr. TANNER: The last question would be the easiest answered. They are producing nothing.

Mr. MACNICOL: I wanted it for the official record.

Hon. Mr. TANNER: The plant is now under repair and construction. The plant was burned down, as you know; and they are reconstructing the plant. It is not completed, and therefore they are not in production.

Mr. MACNICOL: All I would say is—and I am going to be very brief—the whole world is looking at Canada. My hon. friend from Cumberland, who is a great reader, I might say, loaned me a recent copy of the *Saturday Evening*

Post, Nov. 27th. Then I went and purchased one. There are just a few lines that I should like to read.

They have an area of 10,000 to 30,000 square miles range from a few feet to 225 feet in thickness, have a probable volume of 35 to 100 cubic miles, are saturated with from 1 to 25 per cent of oil by weight, and are estimated to contain at least 100,000,000,000 barrels of oil. That is a lot of oil. It is a different oil, too. Athabaska oil is comparatively young and tender, lying in a sand stratum that has a soft life, never having undergone the heat and pressures which trapped oil in folded rocks has undergone as a result of earth upheavals. Moreover, it does not exist in the pores of rocks but is wrapped in a film around sand particles.

That goes to show that the question of our soil is beginning to attract world attention as they have been doing ever since 1913. I should like to ask a question. In view of the fact that really very little has been produced from what is said to be the largest oil deposit in the world by far, and at the moment nothing is being produced, what is the government of Alberta going to do about the producing of oil up there?

Hon. Mr. TANNER: At the present time we feel there are problems in connection with the production of oil from tar sands, one of which is the problem of separation, separating the oil from the sand. Through our Research Council we are carrying on investigation with that in Alberta now.

Mr. MACNICOL: Have you considered hydrogenation as a means of separating the bitumen from the oil?

Hon. Mr. TANNER: We are investigating different methods of separation.

Mr. MACNICOL: Are you investigating hydrogenation?

Hon. Mr. TANNER: Yes. Then, Dr. Clark of the university is carrying on an experiment there that he has been working with for some years in the past. The federal government asked that we reserve the land in that area and not give leases on any of that area until they had been permitted to carry on prospecting in the area and to see what their plant would do.

Mr. MACNICOL: They are co-operating with you and you are co-operating with them.

Hon. Mr. TANNER: We have co-operated with them to that extent and they have set aside that much money to do that work. They have spent a lot of money in drilling test holes where very little value has been received. The plant has not been fully rebuilt and therefore they are not in production to-day.

Mr. MACNICOL: Are you able to say whether the sand which is said to be silica sand—I was told that; I do not know whether it is or not—after the bitumin oil is taken from it, is a silica sand suitable for glass making?

Hon. Mr. TANNER: The sand is a silica sand. They have tried silica sand in the regular plants and they find it is a finer sand than what they are using at the present time.

Mr. MACNICOL: Is it too fine?

Hon. Mr. TANNER: They find it is finer than that which they are using, and in order to use it successfully they might have to rearrange or change the feeding system, and they feel that changing the feeding system they would be able to use the sand satisfactorily.

Mr. MACNICOL: With reference to that same area it is a real salt area. They ship from Waterways about 560 barrels of salt a week and the oil is close at hand. You have got oil and salt and limestone. Has the government considered establishing a chemical industry in that area? They are the three basic ingredients of a lot of chemicals.

Mr. GILLIS: Did you not announce this morning we were bringing in someone from the Research Department specifically to deal with this problem?

The CHAIRMAN: I suggested that to the steering committee but I did not make any announcement this morning.

Mr. GILLIS: I thought you did. It is our intention to bring in someone?

The CHAIRMAN: The suggestion was made to the steering committee that we hear possibly on Tuesday morning questions relating to the proposed production of synthetic gasoline which would bring up the discussion of coal beds and tar sands and that sort of thing.

Mr. GILLIS: Would it not be better if we left that until we had some technical expert in who might be in a better position to answer questions than the gentlemen who are here? I think the brief is very explanatory on the point, as far as they can go. I believe it would be better if we passed on to something else and left this until we had the experts in.

Mr. MACNICOL: I am satisfied that it be passed on.

The WITNESS: A question was asked about a chemical industry in connection with salt and also the extent of the production up there. In 1942 approximately 20,000 tons of salt were produced from that area. In so far as a chemical factory is concerned it is not the intention of the government to establish a chemical factory, but on the other hand with the vast natural resources there and the extent to which it has been proven, and the area proven, we certainly feel it is a very suitable location for chemical factories that can utilize that natural product that is there in such tremendous quantities.

The CHAIRMAN: Are there any further questions on this part of the brief? If not, fish and game is next, and then agriculture. Are there any questions on fish and game?

Mr. MACNICOL: Just one word about fish; the brief refers to the lakes in northern Alberta which contain most excellent fish. About five to ten cars a week of fish are shipped by express, sometimes by mail, from Waterways to Chicago and New York. Have the government ever looked into the question as to why the express rate from Waterways on Alberta fish is so much higher than on fish shipped from ocean points?

The WITNESS: The provincial government has been looking into that for the last fifteen years. You will find references to our attitude to that when you come over to the matter of freight rates a little further on.

The CHAIRMAN: Are there any further questions on fish and game?

Mr. BLACK: What is meant by infestation of the lakes?

The WITNESS: Worms and diseases that destroy fish.

The CHAIRMAN: If there is nothing on fish and game we will take agriculture, industrial development. That ought to bring some good questions. Are there any questions under that general heading?

Mr. BENCE: With regard to the matter of extension of additional schools of agriculture, has that something to do with the university?

The WITNESS: No, we operate in the province now at Olds, a district agricultural college. It is apart from the course of agriculture at the university. Young people particularly who want to go into farming as an occupation can take short courses and get up-to-date information as to methods of farming, and so on.

Mr. BENCE: Where are they?

The WITNESS: The present one operating now is at Olds. In addition to that we used to have one at Vermilion but that is closed during the war. There was also another one in the southern part of the province at Claresholm.

Mr. BENCE: Do you find it is preferable to conduct these centres separate and apart from the jurisdiction of the university?

The WITNESS: The experience thus far has been quite satisfactory.

Mr. CASTLEDEN: Do you grant any scholarships to students to assist the students going through these schools?

The WITNESS: There may be a few small ones. It is not any major factor.

The CHAIRMAN: Any further questions?

Mr. BENCE: Are these the kind of things you believe the federal government should come to your financial assistance on?

The WITNESS: Of course, when you say come to our assistance—

Mr. BENCE: I said that advisedly.

The WITNESS: I want to emphasize in that connection we suggest a method by which they can make these things possible that is entirely different to dipping into the taxpayers' money and making a grant to the province. We claim with that method it would not be practical for them to do it, but there are other methods under which it would be practical, and because we feel there are methods which should be national in scope we suggest they should originate with the federal government.

Mr. CASTLEDEN: I would like enlightenment on No. 5 with regard to the management, control and ownership of these refrigerator lockers?

The WITNESS: What we have reference to there is at key points throughout the province the establishment of these locker units. Each unit may contain quite a large number of individual lockers and these are leased to individual farmers all around the community in which they can store their beef, and so on.

Mr. CASTLEDEN: Under government ownership and control?

The WITNESS: No, they have not been thus far. They are usually a co-operative enterprise in the district. They are under government control to the extent that they have to comply with sanitary regulations, and all other regulations.

Mr. CASTLEDEN: But the idea is to keep the ownership in some co-operative institution?

The WITNESS: Thus far that has been the major method but whether that will continue as the only method, I do not know.

Mr. MACNICOL: It is not the method in Ontario. Ontario is a forerunner in this field. We have many of them. They are A-1. I strongly support this recommendation not only for Alberta but for Saskatchewan and Manitoba, too. The problem that your government is up against is the supplying of the electricity to operate the refrigerating plants. It would mean that in certain centres throughout your province you would have to have electric plants from which power could be conveyed to these 500 centres. The prairie farmers are surely entitled to this boon. The way it operates is the farmer pays rent. It matters not who owns it or operates it as long as he can get it at the right price. I do not mean it should not be government operated. In Ontario the Hydro Electric Power Commission supply the electricity. That is government-owned. It is owned by the people, but in many areas there are people who get together, or individuals, to put up a plant as a business proposition. I am not opposing your suggestion of co-operation at all, because it can be done that way and there should be no objection to it. All I mean is I am strongly in support of it and I hope it becomes prairie-wide all through Alberta, Saskatchewan and Manitoba.

The WITNESS: I might add in respect to the point regarding electricity we would have no problem because in all of these areas electricity or gas is available and either one is satisfactory for operating.

The CHAIRMAN: Any further questions?

Mr. BENCE: I must say I am very much in favour of the suggestion made by the Premier and his colleagues in connection with the matter of the establishment of a western division of the National Research Council. I think any of us who come from western Canada will recognize the imperative necessity of establishing out there some adequate provision to investigate the matter of the use of surplus agricultural products along lines that have not been presently used. I certainly hope that the greatest consideration will be given by this committee to that suggestion.

The CHAIRMAN: Any further questions or comments?

Mr. Ross (*Calgary*): With regard to tourists, one of the great attractions for the tourists is put on by the Indians as a rule. I have felt for some time that the Indians have been neglected in a way. A great deal might be done for them in the way of teaching them how to help themselves. They might be taught handicrafts and things of that kind. A great deal could be done in that respect for them. I suppose it is a purely federal matter which does not come under the brief, but I think very little has been done in that respect and it seems to me there might be some men in the department who have given the matter consideration. I know there are many people connected with the Indians throughout Canada who have given the matter a great deal of study and have worthwhile ideas on this subject.

The CHAIRMAN: As a matter of fact, we have nothing to do with it, but some of that was under way just previous to the outbreak of war and had to be postponed. I know some in British Columbia was just about ready to be established.

Mr. BENCE: I wonder if the Premier will elaborate on the first paragraph on page 9 with reference to the matter of post-war food demands in Europe, and the feeling that appears to be prevalent in Alberta that certain policies will not react to the benefit of the whole country?

The WITNESS: The main thing we are drawing attention to there is that to-day under war conditions there are certain markets enjoyed by the producers of the west. Take, for example, the bacon market; it is one of our outstanding ones. It will create a most serious situation if that market is lost at the close of the war and some other market does not take its place.

Mr. BENCE: It is almost bound to, at least partially, is it not, from a geographical point of view?

The WITNESS: That is the reason we are trying to make clear, as we referred in the case of coal, that if it is more economical to supply the British market from Denmark then it should be supplied from there, but in turn these areas that can be supplied more economically from the western Canada market should be made available to that market. In other words, we are not arguing for the retention of a specific market that may be uneconomic if by giving up that market to some other area that can supply it more economically we can make available a different market to our producers that is more economic; that is fine.

Mr. BENCE: All you are saying is that you believe in economic and efficient world trade?

The WITNESS: Correct.

Mr. MACNICOL: If you get your 80,000 extra persons in Alberta as a result of your irrigation program, which I strongly support, then you will provide an additional market of 80,000 persons to take up some of that slack in pork, and so forth. The whole point is: give us production in the country, give us producers in the cities, and we will be able to take care of a lot of production in this country.

The WITNESS: Mr. Chairman, in regard to that I should like to mention this fact also, that we should consider some of the recent surveys that have been made in the field of nutrition and the findings there which are to the effect that if proper nutrition standards were established and maintained throughout our own country there would be a tremendous increase in the local market for many of these products which we are now worrying about supplying to some countries 5,000 miles away. I think along the line of not only increased population but also if more attention is paid after the war to enabling the people of our own country to be able to purchase the requirements necessary to come up to the standard that these nutrition councils are advocating that in turn is going to have a definite effect on markets.

Mr. MACNICOL: Mr. Chairman, on page 10 of the brief there are four words that I should like to see eliminated.

The CHAIRMAN: You will have to get the consent of the preparers of the brief.

Mr. MACNICOL: I should like to suggest, if the committee consents, that the words "Wipes away tariff barriers" be eliminated.

Mr. Ross (*Calgary*): That would be splendid.

The CHAIRMAN: You are looking for an argument.

Mr. Ross (*Calgary*): You cannot agree with your leader.

Mr. MACNICOL: No, I am not saying anything about my leader. I have been in business a long time. I do not want you to think I am opposed to trading with anyone. I am prepared to trade with everybody, but the whole problem is so broad and the question of tariffs is so involved that it is far beyond the capacity of this committee to decide in a short time.

The WITNESS: In reply to that suggestion of striking out these words, if you look at the section you will see that this section refers to the tourist trade. We say, if a tourist from another country comes into this province and consumes a product in this province against which there is a tariff in his own country he automatically wipes away the tariff on that product so far as his country is concerned.

Mr. MACNICOL: I have just one suggestion to make to the Premier of Alberta and his ministers and that is that they press for the extension of the Red Deer road that now ends at Nordegg on west to the Banff-Jasper highway. I went over it myself this summer and by trail went another twenty-eight miles to Windy Point. Over there you are near the most beautiful falls, the Crescent Falls on Big Horn river. That would be a glorious tourist road. I would ask you to press for that and I for one would support it.

Mr. Ross (*Calgary*): That road has been surveyed already. I was wondering if anything had been done.

The WITNESS: I may say that road is one of the projects that is included in our official tourist roads. I can assure my friend there is no opportunity of us forgetting it.

Mr. MACNICOL: Have you a picture of Crescent Falls?

The WITNESS: Not here. Mr. Campbell has it in the publicity office.

The CHAIRMAN: Are there any further questions?

By Mr. Castleden:

Q. With regard to those reservoirs in Southern Alberta, who owns them at the present time?—A. The Rogers Company.

Mr. BENCE: As far as I am concerned one of the most important statements in the whole brief is contained in the last paragraph of the department in which the statement is made the conclusion is inescapable that there should be a national program designed to decentralize industry. It seems to me that to

a large extent as far as our problems in western Canada are concerned that that more than anything else lies at the root of our problem.

Mr. MACNICOL: I will arrive at that too. You will not have the industries that should be in western Canada until you are able to compete in the power market. Investors will go to the western provinces to put up big industries when you can provide two things: water and power. You cannot give them water in the province of Saskatchewan until you create dams on the Saskatchewan river and make conduits out to the places where you are going to have your factories. I am in accord with you. I am advocating that every week; and at the same time you must have power. The problem of both power and water comes in to a great extent. If this statement asks for those two the whole committee will support it. You have to have ample power. Alberta has it, of course; but in Saskatchewan they make their power out of coal in the south. That is good in the south. They make it out of coal everywhere. They have not developed any large hydro-electric enterprise at all. They should for the north. In Alberta province you have hydro-electric power. You have around Calgary, but I do not know that you have around Edmonton. You have a grand opportunity 50 miles west of Edmonton to put up a dam to have cheap electric power. In that regard, if you ever do that, you must not permit the diversion of the Northern Saskatchewan river. If that ever comes up here I am going to oppose it and I am going to warn you in advance. If there is any proposal to divert the water of the Northern Saskatchewan river I will oppose it as strongly as I can.

The WITNESS: In so far as water and power are concerned, we have an abundance of supply of that in Alberta. I may say it is undoubtedly known to the committee the ammonia plant operating at Calgary is a war industry and is a very good example of the use of water and cheap electric power that has enabled that product to be turned out on a competitive basis with what it could be done anywhere in Canada. You have a good example in that plant of what could be provided in both water and power.

By Mr. Castleden:

Q. There is one other matter of wool production in Alberta that I should like to mention. The witness says, "Our climate is excellent and we have large tracts of land suitable for sheep grazing." Now, authorities in this part of the dominion maintain the wool grown on the western prairies is not of a sufficiently good quality to enter into the production of woollen clothing. Is that just a blind, or have you any facts in regard to it?—A. Our contention is, Mr. Chairman, that the wool grown there is of very excellent quality. It is true in making certain products there are blends of other wools that are imported that are necessary, but as far as the quality of the local wool is concerned with the amount of blending required in these particular cases it is not a big factor at all. We have areas in southern Alberta especially that are very suitable for sheep, and our climate is such that it helps to make a good quality of wool.

Q. The province has not done anything in the way of developing the industry on its own account?—A. Only to this extent: there was one mill in the southern part of the province that was built and it was leased to the government for several years, but in fact it has been turned back to the company. That mill was operated at Magrath and produced large quantities of army blankets and material of that kind.

Q. Is it still operating?—A. Yes, but it is now turned back to the local company. We did operate it for about three years.

Q. I think it should be extended.

By Mr. MacNicol:

Q. Are you not operating a broom factory at Taber to use up the corn?—
A. Not to my knowledge.

The CHAIRMAN: Then we shall go to transportation on page 11, and direct our questions to that section of the brief unless the brief is clarity in itself.

Mr. MACNICOL: I hate to take up so much time but seeing that the Premier is here I should like to say to him that on the north side of the Peace River west from the town of Peace River is a very fine farming community. I went over it. I know the country thoroughly. It is a very fine farming country. There are some small towns around there like Fairview and Berwyn and others. I believe the road runs on some distance past Hines Creek to within perhaps a few miles of the British Columbia boundary, unless you have already extended it to the British Columbia boundary. That road should be completed over into the riding of my hon. friend who is the chairman of this committee. He has advocated that here and so have I, and we want your support to press for the construction of that roadway right through the mountains. The chairman won't object to that; in fact he will thank me after the meeting for having mentioned it.

Mr. GILLIS: We may think that you had arranged it.

Mr. MACNICOL: No, we did not arrange it. I believe that road should be projected right through to Prince Rupert. I think the Americans did some work on it last year but I am told it is not completed. And again there is no way to-day of getting into the north country to Great Slave lake except by going down the Athabasca river and the Slave river and across Athabasca lake and Slave lake by boat. If you have been there you probably have experienced a sixteen-hour wait at the mouth of the Athabasca river and probably a twenty-five or thirty-hour wait going out of the Slave river into the Great Slave lake. Does your program scheme embrace the running of the colonization or business road north from the Peace river up to the Mackenzie river?

The WITNESS: Mr. Chairman, in the proposed extension of roads after the war you will notice that the brief suggests a very, very great extension of our present highway system, and in compiling these mileages I think I am safe in saying that almost every worth while project has been taken into consideration, and projects of the nature which you have suggested are certainly in that category. I may say regarding the one particularly mentioned, the one north from Grimshaw, that project was intended. It was the intention of the provincial government to deal with that project this last year but we were informed prior to starting work on it that in connection with the American development of the north they were going to rebuild that whole road. Obviously it was foolish for the province to spend money for gravel on that road if it was going to be rebuilt later on. Their plans were changed and they abandoned that road and as a result nothing else was done. In the proposed increase in mileage of roads after the war all of these projects have been taken into consideration.

By Mr. MacNicol:

Q. Have you taken into consideration lateral roads running west from Notikewin?—A. Yes.

Q. The west as far as the Alaska highway? You would have to co-operate with British Columbia. Have you considered running lateral roads west towards British Columbia?—A. I may say I have here a map that has been prepared of the proposed main highways in 1944. As far as the road running north is concerned which you were speaking about a few moments ago, right up to the north, here are the roads that we have in mind. They are all shown here.

The CHAIRMAN: Are there any further questions on transportation as outlined in this brief? The next heading is Public Works. A good deal of that

has been discussed in connection with transportation and other buildings. We have discussed irrigation projects. We might come to finance. There may be some people here who want to discuss finance.

By Mr. Ross (Calgary):

Q. I am not just sure what you mean by criminally insane. Would that mean persons who are considered dangerous and are put in an insane asylum, or persons who are proved to be criminal? What do you mean by that? It is found on page 13. You say they should be the concern of the Dominion Government?—A. Criminals who became insane.

Q. Persons convicted of a criminal offence and who have become insane? —A. Yes. That was my understanding of the term, the term used by medical men.

By Mr. Bence:

Q. They do not necessarily have to be convicted of a criminal offence?—A. No, criminal tendencies.

Q. It may be dementia praecox or some of these different insanity cases, the kind of a case where a man has a delusion and he may unexpectedly take a knife and plunge it into someone when he has those delusions. I think that is what you have in mind?—A. It is a technical term. I believe it includes all those who are convicted of a criminal act because of their insanity.

The CHAIRMAN: We now come to social services, but that subject does not come under our jurisdiction. Then there is finance.

Mr. MACNICHOL: I am not a wizard on finance.

The CHAIRMAN: The next is monetary policy.

Mr. PURDY: I think you had better leave that.

The CHAIRMAN: Is there anything on finance? If not I shall thank the Premier and the others who have come here.

Mr. BENCE: That is a point of view. I do not say necessarily that I agree or disagree with the various proposals advanced, but it does seem to me we could enter into an endless argument in this committee with respect to various monetary matters that would be considered in this particular brief. I do not think it comes entirely under our scope of reference, but I may be wrong. If we are going to enter into a debate as to whether or not there should be a finance planning board and that kind of thing we would be here for a week. I think we should confine our discussion to some very general fundamentals in connection with it.

The CHAIRMAN: Naturally, I am in the hands of the committee. Is it the desire of the committee, as Mr. Purdy suggests to pass it by? I am going to ask the Premier if there is anything else he would like to say that has not come out of the questions that have been put to him during the reading of the brief.

The WITNESS: I should like to make this one observation to the committee regarding this last section. The only reason we have included this in the brief at all is that we are confident that your approach to this whole question of employment after the war and post-war reconstruction is a practical approach, and after all in your work you have two aspects with which you would have to deal: One, the using of your best judgment to decide what plans and projects seem most practical and feasible to carry out the work in which you are engaged, and secondly the implementation of those proposals after they are finally agreed on by the Dominion Government and the provinces concerned. We felt that our brief would be incomplete if we merely went as far as to say, here are the things we want, here are the things we think are worth while to the people of Canada, and then stop without at least dealing in some degree with the manner by which we feel these things could be implemented. What is the use of having

a spread of post-war plans if when the time comes somebody decides they will have to be abandoned because there is not going to be any money with which to finance them. That has happened too often in the past. I am merely making an explanation of the reason why we thought it was proper to include in our submission with respect to projects reference to this very important question as to whether or not these projects will be financially possible, and proposals that in our opinion if applied will make them financially possible. We have confined it to the general principles that are contained in the submission, but I would like, with your permission, Mr. Chairman, to leave with you what is really an addendum to that section of our statement, for the information of yourself and members of the committee, if you wish to have it. It is really what you might call a technical argument regarding these principles which are involved but which we did not want to include in this submission.

The CHAIRMAN: Have you a number of copies for the use of the committee?

The WITNESS: No, I have only this one copy, but I will be glad to leave it with you. I have also another report here, copies of which I will be glad to leave with you which deals with another phase of the matter.

If there are no further questions, Mr. Chairman, I do want to thank you and the members of the committee for the very courteous hearing you have given us today and for the very constructive discussion this afternoon regarding the proposals referred to in the brief. I want to assure you, Mr. Chairman, and the committee that if there is any further information that we can supply as a province we will be most happy to meet with any request made in that regard. And may I assure you, Mr. Chairman, that this committee have our wholehearted and full co-operation in anything we can do to help you in the very, very serious and difficult task that has been entrusted to you in regard to this whole post-war project.

Mr. MACNICOL: As an Ontario representative sitting in and listening to western problems may I be permitted to move a vote of thanks to Premier Manning and the members of his delegation for the very full brief they have presented to us. We can assure them, through you of course, Mr. Chairman, that we are going to discuss amongst ourselves what they have submitted, and they may be assured that their representations will receive every consideration and sympathy. I know that every member of this committee feels that it is our duty to do all we can for post-war reconstruction. All of us are right from the bench or the farm, we are all graduates of honest labour—and I am not opposed to hard labour, I am a believer in honest to goodness labour because I have been through it myself. It is our duty in Canada to see that the boys who come back from the war will find employment awaiting them. There is much food for thought in the material which has been submitted to us by this distinctive delegation from Alberta. I know that I for one, and I think I can say the same for other members of the committee, have greatly benefited through the opportunity of learning directly something of the plans for the future of Alberta. It has been very beneficial to us and I know we are looking forward eagerly to meeting the representatives from other provinces when they appear here.

Unfortunately, I will not be able to be here next week when the Maritimers are coming before us but I hope to be here when the province of Saskatchewan appears.

The CHAIRMAN: Mr. Premier, I do not need to put the motion that has been moved to thank you and your colleague and your assistants for the work that you have done and the presentation you have made here today. As a member of the committee and as its chairman, I can tell you that I feel sure that what you have given us today will be very helpful to us. Most of the members of this committee will have a knowledge of Alberta now that they did not have

previously. I was possibly doubly interested because in 1907 when as a much younger man than I am today, I went out to the province of Alberta and in 1913 became a member of its legislative assembly there. As I told you this morning, I sat with this young man's father, not his son. I was very pleased to sit here today and preside over a meeting of legislators from other parts of Canada gathered here to find out what are the best things that can be done for all of Canada, regardless of any political views whatever. And you will notice, Mr. Premier, that what I told you this morning was true, that the reception you and your colleagues have had here today was a surprisingly good one, and is an indication of the nature of the reception which this committee has given to all the witnesses that have appeared before it. Another matter which is sometimes possibly overlooked is the fact that this committee represents in numbers exactly one-seventh of the whole membership of the House of Commons, so that when a presentation is made to the Reconstruction Committee, it is immediately the property of one-seventh of all the members elected from all over Canada to sit in the Commons portion of the Canadian parliament. As a member of the committee, I am very happy to be in the position to truthfully say that this committee feels a great appreciation for the work that you have put into this submission.

Tomorrow morning at 10 o'clock we are having the Federation of Mayors of municipalities. We will meet at 10 o'clock as I imagine some of them will want to get away in the afternoon on the 4 o'clock train.

The Committee adjourned at 5.00 o'clock p.m. to meet again tomorrow, November 27th, 1943, at 10.00 o'clock a.m.

SESSION 1943
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 31

SATURDAY, NOVEMBER 27, 1943

WITNESSES:

The Canadian Federation of Mayors and Municipalities.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943



MINUTES OF PROCEEDINGS

SATURDAY, November 27, 1943.

The Special Committee on Reconstruction and Re-Establishment met this day at 10 o'clock, a.m. Mr. J. T. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Authier, Bence, Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Ferron, Gillis, MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—22.

Mayor Adhemar Raynault, of Montreal, was called. He briefly addressed the Committee and introduced the following:—

Mayor Stanley Lewis, Ottawa;
Mayor F. J. Conboy, Toronto;
Mayor B. Roy Holman, Charlottetown;
Mayor J. W. Fry, Edmonton;
Mayor Lucien Borne, Quebec.
Mayor J. E. Lloyd, Halifax;
Mayor S. N. MacEachern, Saskatoon;
Mayor Walter A. Merrill, K.C., Westmount, Quebec;
Mayor Wm. Morrison, K.C., Hamilton;
Mayor A. C. Ross, Sherbrooke;
Mayor J. P. Ryan, Brantford;
Mayor C. R. Wasson, Saint John;
Mayor Edward Wilson, Verdun;
Reeve John Warren, East York Township, Ont.
Geo. S. Mooney, District Secretary, Canadian Federation of Mayors of Municipalities.

Mr. Mooney presented a brief on behalf of the above mentioned Federation and each of the above named mayors addressed the Committee.

The Chairman expressed the appreciation of the Committee for the comprehensive presentation made by the Canadian Federation of Mayors and Municipalities. Mayor Reynault replied thanking the Committee for the sympathetic hearing given them, and assured the Committee of their co-operation.

The Committee adjourned at 1.00 o'clock p.m. to meet again Monday, November 29, at 10.00 o'clock, a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

November 27, 1943.

The Special Committee on Reconstruction and Re-Establishment met this day at 10 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: I am going to ask if the following Mayors will kindly come up here to the head table: Mayor Raynault, of Montreal, Mayor Conboy of Toronto, Mayor Lewis of Ottawa, Mayor Fry of Edmonton, and Mayor Holman of Charlottetown and Mr. George Mooney.

Mr. Mooney, I understand that you are to present the brief on behalf of the Mayors of the Municipalities. Will you come up here, please. Copies of the brief to be presented this morning have been sent to each member. I am afraid some members have no longer possession of those copies. Mr. Mooney had some extra copies and they were distributed to the members. I do not know if every member now has a copy or not.

Before I call on Mr. Mooney may I advise the committee that I have a letter from Mrs. Dorise Nielsen, who is one of the regularly attending members of the committee, telling me that she is sick and that it is impossible for her to come. I want to put that on the record. That is the reason for her absence.

Mr. GEORGE S. MOONEY, Executive Director, Canadian Federation of Mayors and Municipalities, called.

The CHAIRMAN: His Worship Mayor Raynault of Montreal will say something to us before the brief is read.

MAYOR RAYNAULT: Mr. Chairman and distinguished members of the committee, I take pleasure in presenting to you this morning this delegation of mayors who represent the ideas of the mayors of the country. They are here this morning at your invitation, Mr. Chairman, to answer any questions that you may ask, with a desire of having something ready after the war period. They feel that in dealing with you to-day, they will be able to prepare the kind of public works to be carried on to avoid trouble that we have suffered in the past. Mr. Mooney who is certainly more familiar than anyone of us with the brief will present the brief and I shall leave it to Mr. Mooney to give you any explanation you desire.

The CHAIRMAN: Mr. Mooney, you understand, of course, that this is a committee of members of parliament, and they have the right to ask questions at any time that they wish. Up to date it has been the custom, and I think it should be followed this morning, to have the brief read before questions are asked. I am just mentioning that because questions may come up at any time. Mr. Mooney.

The WITNESS: Mr. Chairman, I am familiar with parliamentary customs and any questions that you may have to ask I shall be very glad to answer. May I suggest, Mr. Chairman, that the other Mayors comprising the delegation sit a little closer together?

The CHAIRMAN: Come up here any place you like.

MAYOR LEWIS: May I interject here, according to parliamentary procedure have the mayors the same right to question the members of parliament?

The CHAIRMAN: This is a free and easy committee. You can take part in any discussion that comes along.

The WITNESS: Mr. Chairman, in correspondence with you, sir, you intimated that the brief had already been circulated among the members of the parliamentary committee and that probably the reading of the brief would not be necessary. Now, I am at your disposal.

Mr. TUSTIN: May I interrupt? There are several mayors here who have not been introduced to the gathering. I think possibly it would be well to introduce them all.

The CHAIRMAN: I have not the names of the delegation.

MAYOR RAYNAULT: The following mayors are present:—

Mayor Stanley Lewis, Ottawa,
 Mayor Adhemar Raynault, Montreal,
 Mayor F. J. Conboy, Toronto,
 Mayor B. Roy Holman, Charlottetown,
 Mayor J. W. Fry, Edmonton,
 Mayor J. E. Lloyd, Halifax,
 Mayor S. N. MacEachern, Saskatoon,
 Mayor Walter A. Merrill, K.C., Westmount, Que.,
 Mayor Wm. Morrison, K.C., Hamilton,
 Mayor A. C. Ross, Sherbrooke, Que.,
 Mayor J. P. Ryan, Brantford,
 Mayor C. R. Wasson, Saint John, N.B.,
 Mayor Edward Wilson, Verdun,
 H. Nicholson, Estevan, Sask.,
 Reeve John Warren, Tp. of East York, Ont.

The WITNESS: Is it your wish that I should read the brief?

The CHAIRMAN: It has been suggested by Mr. Mooney that we could dispense with the reading of the brief and go on with the questions, but from the questions that came to me yesterday from the members of the committee I am afraid they are not thoroughly acquainted with the brief; therefore it might be well that you read it for a while.

The WITNESS: Yes.

RESOLUTION ADOPTED AT THE SIXTH ANNUAL CONFERENCE
 CANADIAN FEDERATION OF MAYORS AND MUNICIPALITIES,
 MAY 25-28, 1943, OTTAWA, CANADA

"With a view to stimulating interest in the problems of urban post-war reconstruction, particularly as they affect municipal administration and finance, the Conference recommends:

- (a) That the brief prepared by Mr. Geo. S. Mooney be placed before the Parliamentary Committee on Post-War Rehabilitation and Reconstruction;
- (b) That it be brought to the attention of the Federal and Provincial Governments and any Governmental committees concerned with post-war planning and reconstruction;
- (c) That copies be sent to the municipal councils of Canada for their consideration.

The Conference further endorses the broad basis underlining the brief namely:

That in order to be prepared for the tasks of reconstruction municipal governments will require the necessary facilities and resources. This Conference subscribes to the general thesis that financial and administrative reforms along the broad lines indicated in the brief will be necessary.

PREAMBLE

The municipalities of Canada are desirous of playing their full part in the post-war tasks of rehabilitation and reconstruction.

We are deeply mindful that a tremendous moral responsibility rests upon the nation to restore to gainful post-war employment the men and women of the fighting services and those presently engaged in the defence industries and other special wartime employment.

We recognize, moreover, the imperative necessity to introduce anti-cycle measures in order to smooth the uneven and frequently violent fluctuations which hitherto have characterized the economy. When the national income of the Canadian people can drop as low as \$3 billion (1932-33) and rise as high as \$8½ billion (estimated for 1943), or a ratio of almost one to three over a ten-year period, it is crystal clear that stabilizing measures of one sort or another are called for.

A post-war depression, with its accompanying wave of unemployment, would be a disastrous aftermath and a hollow victory. We are all agreed it must be avoided at all costs. Only foresight and concerted action by government and industry can prevent catastrophe from overtaking the high hopes on which the people have set their sights.

While conceding that private enterprise must be given every inducement and the widest opportunity to provide full employment, it is essential that we recognize the probability that there will be periods when this desirable goal cannot be reached. At this point it will be necessary for the governments of the nation, federal, provincial and municipal, to fill the gap in employment opportunity with an expanded program in public works and services.

In order that the municipal governments of Canada may have the tools and resources to enable them to play their full part in a possible post-war reconstruction program, which conceivably may be of large proportions, certain reforms and ameliorations in the existing financial, administrative and legal structure of local governments are called for.

In the following memorandum we have sought to examine the problems confronting municipal governments, which must be solved if they are to exercise their full usefulness in a nation-wide post-war reconstruction program.

These problems fall under three main headings:

1. Local Fiscal and Taxation Problems.
2. Legal and Administrative Problems.
3. Scope and Nature of Local Public Works.

I. LOCAL FISCAL AND TAXATION PROBLEMS

Some of the fiscal and taxation problems affecting post-war municipal participation in reconstruction are within the present power of local governments to resolve. Others will require provincial and federal co-operation and assistance.

Within the present power of municipal governments are the following:

1. Curtailed Expenditures during Wartime

It is the duty of every municipal government, bearing in mind the necessity to conserve manpower and material resources, so that they may be available to the full for the prior need of the nation during this period of national emergency, to restrict municipal expenditures to a minimum consistent with the sound maintenance of essential municipal services.

To this end, most municipal governments throughout Canada, in one way or another, have already effected substantial economies. The possibilities have not been exhausted.

We call upon the local governments of the country to re-examine their services, and, where possible, endeavour to effect further retrenchment.

2. Maintain Tax Rates

We must anticipate and plan for the time when municipal spending will resume a more normal level, and when the backlog of deferred maintenance and a program of local public works may form an integral part of a balanced plan to maintain national economic stability.

With these possibilities in mind, we believe that municipal governments should maintain existing tax rates at or near their present level. There are other equally sound reasons for the maintenance of this policy:

- (a) The average citizen at present has the ability to pay.
- (b) Maintaining existing tax rates will help in degree to avoid inflationary tendencies.

3. Surpluses and Debt Deduction

The favourable trend in tax collections, coupled with economies and curtailed expenditures, has, with few exceptions, restored municipal finances to the soundest basis in years. Operating surpluses are shown in a number of municipalities.

We believe it to be sound policy that municipal surpluses, at least in part, should be applied to debt reduction. The reasons:

- (a) The lower the debt, the better the post-war credit position, when capital funds will be needed.
- (b) Debt reduction is, in itself, a form of economy—the lower the debt, the lower the interest charges, the less expense to the municipality.

* * * *

Other fiscal and taxation measures, beyond the present power of municipal governments, will call for provincial action. These matters are:

1. Municipal Post-War Reserves

Municipalities should be empowered to set up reserve funds for post-war public works. The reasons:

- (a) Post-war reconstruction will call for concerted action on the part of all levels of government.
- (b) Municipalities having funds available will be in a preferred position to implement a program of local public works.
- (c) The establishment of reserve funds for post-war reconstruction will mark an important phase in the development of sound municipal fiscal policy. It will be a means of avoiding the pitfalls of traditional long-term borrowings which have so often embarrassed municipalities in the past, and will further develop the trend towards pay-as-you-go financing.

There is one practical obstacle to post-war municipal reserves. This obstacle lies in the fact that with the exception of the Provinces of Ontario and Nova Scotia the authority to set aside unused funds, or to create a special reserve fund for future spending, has not been accorded to local governments.

At their last sessions, the Ontario and Nova Scotia Legislatures enacted permissive legislation which will allow the council of every municipality in each year, for the duration of the war, to provide in its estimates for the establishment or maintenance of a reserve fund for use after the war, in providing necessary replacements of or improvements in public works. Both measures also provide safeguards in order to prevent the dissipation of reserve funds for other than the stated purposes.

Similar permissive authority for the setting up of post-war reserve funds on the part of local municipalities in other provinces is most desirable.

2. *Broaden Local Tax Base*

There is widespread agreement that real property taxation no longer suffices as an all-sufficient revenue basis, adequate to support the services which local governments are called upon to render. Shrinking property values, coupled with the mounting costs of municipal government, have placed an inequitable tax burden on owners of real estate, disproportionate to the local tax burden borne by the holders of newer and other forms of urban wealth, such as stocks and bonds.

Expert commissions, local, provincial and federal, have recommended various proposals aimed at a rationalization of the conflicting and overlapping tax policies of the different levels of government, and at establishing a tax and fiscal structure adequate to support the functions appropriate to each. It is difficult to see how local governments can be expected to play their full and appropriate part in the tasks of reconstruction, unless and until the long overdue reorganization of public finance throughout the Dominion has been brought into line with present realities.

The paradox of the depression years, which saw our urban areas begging for financial relief, and at the same time pouring millions into both provincial and federal treasuries, must be resolved. Until this anomaly has been reconciled, the administration of local affairs will continue to be handicapped and harassed by a system of public finance which, in effect, is sapping the very foundation of our democracy—strong, solvent, and responsible local government.

We are much impressed with the fiscal measures which recently were proposed as a basis for reform in the local, state and federal tax systems of the United States.

Because of the similarity between United States and Canadian problems of government, we believe that the federal and provincial governments might well consider the possibility of similar measures for Canada. The more important proposals now under study in the United States, insofar as municipal governments are concerned, include:

- (1) Broadening of the local property tax, by supplementing it or replacing it with a rental tax on occupiers;
- (2) The setting up of a clearing house and "Board of Appeals" for more careful and consistent treatment of payments in lieu of taxes on federally-owned property. Such payments, to quote the American committee's recommendation, "should be generous, especially during the war".
- (3) Giving more consideration to the cities in the distribution of shared taxes.
- (4) Providing a suitable bond instrumentality for the investment of state and local surplus funds during the war . . . perhaps a non-negotiable bond, redeemable after the war, or for war-created need, matched by federal dollars if used for "approved" public works.
- (5) Broadening of federal aid to include elementary education, recognizing a national minimum status for elementary education, by providing a

Let us examine briefly the application of the above proposals to the municipal financial structure of Canada.

1. *Occupier Tax*

An occupier tax which, in effect, is a tax on rentals paid by premises' occupiers, presents some interesting and important possibilities. It may well be the salvation of the property tax base of municipal revenues. No one can deny

that revenue from the general *ad valorem* property tax has been reduced in recent years, and that it broke down badly during the depression. Moreover, the property tax has been under incessant political attack, because its base has been too narrow, and it is resented because of its regressivity, the fact that it falls with greatest weight on relatively few and progressively fewer taxpayers.

What is needed is some new source of local revenue which will (1) not overlap existing federal and provincial taxes; (2) enable municipalities to tap their own resources without running, hat in hand, to central governments; (3) cover all or a vast majority of the interested citizenry; and (4) not be regressive.

In presenting their proposal for an occupier tax, the American committee made the following observations:—

It is necessary to break down the property tax into its elements and abandon uniform application of the tax to all owners on the basis of holdings. Then 'recast the fragments' in contemplation of a collection from landlords in the nature of a service charge for local benefits to property, and a further collection, more personal in character, from occupants on rental values. The occupancy tax, either as a replacement or a supplement, might be introduced step by step on a gradual and experimental basis.

It may not be desirable to reduce current property tax levels, because these may be partly capitalized, and there is no certainty that owners would reduce rentals to tenants accordingly. But where there is need for more municipal revenues, the committee advises citizens to consider a tax on rentals.

Pros and Cons of the Occupier Tax

One advantage: "Being in proportion to current income rather than expected future income, it will spread the burden over the various parcels of real estate in a different manner from the tax on capital values."

Others: "Unused property would be exempt. The rental tax would make some allowance for individual ability to pay. A business rental tax would be levied, of course, at a flat rate."

Disadvantages: "A supplementary rental value tax would necessitate two valuations—rental value as well as capital value. Weight would still fall on housing, where standards must be improved. And an occupancy tax might increase cyclical revenue fluctuations."

Without necessarily endorsing for Canada the proposals of the American committee, we believe that the provinces and municipalities might profitably explore the possibility of similar measures.

2. Crown Payments in Lieu of Taxes

The old doctrine that Crown property cannot be taxed is obsolete under modern conditions.

While the question of local tax exemption of Crown property presented a serious problem to many municipalities prior to the war, the extension of government ownership occasioned by war conditions has caused the question to become one of nation-wide municipal concern. Immediate review is vitally necessary, in order to remove the inequity and the hardship from the municipalities concerned.

It is clear that the influx of workers to Crown war plants has increased the demand for local municipal services. Educational and hospitalization costs are affected, and exemption places an unfair burden on property owners already overburdened with taxes. In effect, many municipalities, through their

local tax-paying citizens, are meeting costs of government and services which properly should be borne by Canadian taxpayers as a whole. The cost of what is for the good of the whole should not be charged to one section of the community.

While it is true that the British North America Act (Section 125) states "No lands or property belonging to Canada or any province shall be liable to taxation", there is no provision forbidding the payment by federal or provincial governments of a "service charge" for benefits received consequent upon ownership of land or property.

We hold, therefore, that without disturbing the principle of tax exemption, the Crown should scrupulously assume its just responsibility, through paying the municipalities an amount approximately equivalent to what would otherwise have been due in the form of taxes. This, in effect, is the practice in Great Britain.

We do not deny that in determining the service payment in lieu of taxation, consideration should be given to such relevant factors as the burdens placed upon the local community to service the Crown property involved; the benefits—economic or social—derived by the community; the extent to which the property is revenue-producing; the extent to which the property is intended for local, provincial, or federal advantage; and the extent to which the property may involve a federal or provincial subsidy or grant to the local community.

It is recognized that the basing of payments in lieu of taxes upon such considerations would make for much more real uniformity than a policy providing for the same tax payments for all federally or provincially owned or assisted projects, regardless, for example, of the benefits or burdens involved to the local community.

3. Shared Taxes

We believe that the provincial government should give consideration to the sharing of certain provincial taxes with the municipalities—particularly gasoline, liquor and motor vehicle taxes, the source of which is predominantly urban.

4. Federal Financial Assistance

We believe that the American committee's proposal that there be created a suitable bond instrumentality for the investment of local surplus funds during the war, has equal validity for Canada. We are particularly impressed with the suggestion that a non-negotiable bond, redeemable after the war, or for war-created need, be matched by federal dollars if used for "approved" public works.

5. Federal and/or Provincial Assumption of Costs of Education

Many municipal authorities argue that the time has come when local governments should be relieved of the costs of education, and that this tax burden should be equalized and made uniform throughout the province—some would say, throughout the nation. If local governments were relieved of this financial responsibility, and providing other costs, such as social services, were not thrown back on the municipality, then local government revenue would be adequate for the normal functions of municipal administration, probably permit a substantial reduction in the local tax rate, and help to enable the municipalities to carry their weight in the tasks of reconstruction.

SUMMARY

These, then, are the more important fiscal and taxation problems affecting municipal participation in a program of post-war reconstruction.

Our present responsibility requires that we endeavour to shape our fiscal policies in such a manner that they will prove positive aids rather than hindrances to the tasks of post-war adjustment. There are dangers in allowing things to drift, in following policies of fiscal expediency, in failure to make adequate post-war plans, and in neglect of reasonable steps to create reserve financial powers for the implementation of such plans.

It is clear that an early adjustment of federal-provincial-municipal fiscal relations is a basic requirement for any full-scale frontal attack on the looming problems of peace.

II. LEGAL AND ADMINISTRATIVE PROBLEMS

The present system of local government in Canada, while still capable of meeting with substantial efficiency most of the demands made upon it, nevertheless possesses a number of serious limitations and defects, which are likely, if not remedied, to militate against its full efficiency in dealing with the problems of post-war reconstruction. Some of these limitations are legal; others have to do with the traditional scope and power of local government.

First, there is the matter of the inadequacy of existing legal powers enjoyed by local governments in connection with the control and use of land.

The lack of adequate powers to control and determine urban land use has led to the present disorderly pattern which typifies our modern communities, and which in large part has contributed to urban blight and disintegration. It is now universally recognized that city and regional planning and zoning require comprehensive legal authority.

Specifically, the local government (or governments—since frequently there are more than one) of the entire local area should be given the power:

- (1) To define (in agreement with the governments affected) the area to be planned;
- (2) To create the necessary planning machinery (town or regional planning commission); and provide for the making of a master plan for the urbanized area;
- (3) To vest the planning agency with all authority necessary to formulate and keep up to date the master plan;
- (4) To define "public purpose" to include any purpose deemed, by the appropriate agency of government within the urbanized area, to be essential for the realization of the master plan;
- (5) To acquire, by simple measures, and where necessary by condemnation, land anywhere within the urbanized area for a public purpose as above defined; to hold, use, lease, sell or exchange such land; and in any case to make certain that it shall be used only in accordance with the master plan;
- (6) To enact and enforce ordinances requiring the owners of real property within the urbanized area to use it, or to permit its use, only in accordance with the master plan.

* * * *

Canadian municipalities have been late on the scene, insofar as town planning measures are concerned. While we have been talking about the need for town planning for many years, so far our talk has produced negligible results. We must, therefore, profit from our own lack of experience by drawing on the experience of other countries. We must, moreover, be mindful of the pitfalls and limitations of inadequate planning measures, and particularly must we understand the indispensable requirement for a wide departure from

traditional concepts of land ownership and control, and be guided in such matters by the concepts hewn from long and practical experience in the best-governed countries and cities of Europe.

Second, there is the need to evolve a technique whereby separate local governments in contiguous areas can effectively cooperate in matters of mutual over-all community concern.

The advances we have made in the field of technology and applied science have found no parallel in our conduct and organization of public affairs. So far as local government practice is concerned, much of our technique is outmoded, and increasingly inadequate for the needs of our times.

For example: The multiplicity, overlapping and lack of co-ordination between independent governments, particularly in our larger metropolitan areas, and increasingly evident in other centres as well. Our inability to resolve the problem of inter-municipal co-ordination and co-operation has led us into all sorts of difficulties.

It has led to confusion, discrimination, and frequently to local friction and ill-will. In some instances it has brought about local tariff walls, tax and trade restrictions. It has negated efforts to plan for the rational growth and development of the natural area. It has encouraged restrictive rather than co-operative measures aimed at the interests of the wider community. Carried to its extremes—and in many instances it is already there, or rapidly on the way—it leads to a balkanization of community life and community welfare.

Whatever the solution, it is clear that an administrative reform affecting inter-municipal government in such areas is long overdue, and this without infringement of the democratic right of separate communities to administrate what are obviously purely local affairs.

The principal objective of such reform should be the provision in every area of facilities for achieving the following results:—

- (1) A regional or metropolitan master plan;
- (2) Spreading or equalization of the costs of metropolitan services;
- (3) Co-ordination or federating of such services as:
 - A. Local elementary and high schools;
 - B. Local police, fire, health services;
 - C. Regional park and parkway systems.

(In passing, it is interesting to note that British municipalities are now considering a proposal for the setting up of what they describe as "all-purpose local authorities", aimed at the consolidation of municipal governments into fewer units, each adequate in area, population and financial resources, and possessed of the necessary powers to administer efficiently all local government services within its area.)

Third, there is the need to maintain the fullest possible measure of local financial and administrative autonomy in municipal affairs.

It must be admitted that during recent years the democratic façade of local government has shown serious cracks. Public apathy, the complexity of local government machinery, the tendency for party politicos to intrude in municipal affairs, the pressure of extraneous interests, the financial difficulties of municipalities, heightened by decreased tax revenues and the burden of the costs of direct relief during the depression years—which in many cases led to the intervention of provincial governments in an effort to restore financial stability—have combined to lead in some areas to a decline in popular control of local government, and its replacement by control by agencies outside the elected representatives, or by government departments and officials.

This is a dangerous development, and any reconstruction of local government should be designed to counter it, by increasing popular interest and control.

The right of each community to control its own public services to meet its own needs, to provide new services if and when the need for them arises, and to be responsible for its own financial and day-by-day administration is an essential part of the democratic way of life to which this country is pledged, and in defence of which is it now at war.

It is often argued that non-democratic administration—for example, by a bureaucracy, or by non-elective *ad hoc* bodies, would be more efficient, and would secure more rapid, more uniform, and more economical results. In the long run, that has seldom proved true. Moreover, while efficiency must be regarded as an essential aim of administration, popular sentiment and tradition would not support its pursuit at the expense of democratic control. There is indeed strong support for the view that efficiency immediately achieved at the expense of democratic control is self-defeating over any extended period of time, resulting eventually in worse inefficiency.

SUMMARY

The foregoing does not exhaust the need, either for added legal powers or administrative municipal reform.

It but indicates the fact that our system of local government throughout Canada must be better equipped, and be in possession of better tools than it is to-day, if it is to face up to the tasks of to-morrow. Reforms should be planned now, and implemented at the earliest possible moment. To wait until after the war will be too late, since by that time the burdens thrown upon local government are likely to be so great as to make extensive changes difficult.

III. SCOPE AND NATURE OF LOCAL PUBLIC WORKS

Municipal governments, as we have indicated, are fully seized with the fact that a vast program of public works may be required during the transition period from war to peace. They also recognize, to the extent that local governments may be expected to share in such a program, that now is the time to blueprint local plans, so that they will be ready for any eventuality.

As we see it, the post-war years will divide themselves, in all likelihood, into three periods:—

1. A short period of readjustment, when the war ends, during which there will be some temporary unemployment because of the time lag in converting from war to peace production.
2. A period of intense industrial activity, while we catch up with the deferred demand for consumer or civilian goods; and
3. The problem of self-sustaining economy—the long-term job.

The final task will be the difficult one.

* * * *

The post-war public works program of municipalities should be programmed, or timed, so as to go into immediate effect during the first, or short conversion period, but should be capable of being suspended during the second phase of consumer demand and be resumed during the third and final long-term period.

Thus we need both small and large public works, those which can speedily be set in motion, and those which are of a more long-range nature. Of necessity, many public works must be scheduled for the third period, awaiting production of necessary materials and equipment. In the first period, a local public works

program, in part at least, would take the form of deferred maintenance and postponed but urgent public improvements.

What we need, therefore, and without delay, is the development of a pool of completed plans for a construction program, both short-term and long—and along with that, a program of public works financing.

It is to be expected that each municipality will finance, without assistance, its deferred maintenance and backlog of public improvements. In addition, certain other public works, of a moderate volume, can be financed without federal or provincial aid. Taken together, however, the volume of such municipally-financed public works is not likely to provide substantial employment, certainly not over an extended period.

The financial resources of municipalities are wholly inadequate for any large-scale post-war public works program such as probably will be required.

A post-war public works program on the municipal level—where the vast majority of the unemployed are likely to be centred—will require special financing, including an undetermined amount of federal aid.

This, even presuming that the fiscal and tax reforms urged in the earlier section of this memorandum, have been implemented. For, taking a realistic view of the situation, it is apparent that the volume of financing required for the kind of a post-war public works program likely to be needed is completely beyond the limited revenue or credit resources of local and/or provincial governments.

Moreover, the scope of the problem—urban reconstruction—has gone far beyond the proportions of a mere local responsibility. It is a matter affecting virtually all the urban communities, and involves more than half the population of the country. Only the fiscal capacity of the federal government will be adequate for the task in hand. The question as we see it is not whether the federal government will assume the responsibility, but rather, on what terms, and what conditions, and for what kind of local public works.

It is not our responsibility to put forward or recommend a specific proposal concerning federal financing of local public works. The federal government in due course will announce its own policy in this regard.

In general, however, we believe:—

1. The federal government should stand ready to extend loans to local governments at the lowest possible interest rates, and for extended periods, consistent with the nature of the specific project for which the money is required.
2. In some instances it will be in the national as well as the local interest for the federal government to make an outright grant to cover in whole or in part the cost of certain kinds of local public works.
3. The proposal, referred to earlier in this memorandum, for the matching with federal dollars of post-war municipal reserve funds earmarked for "approved public works" has much to commend it.
4. The principles incorporated in the Municipal Improvements Assistance Act, 1938, whereby the federal government financed, at low interest rates, self-liquidating local improvements, are sound, and might well form the basis for an extended national improvement act for post-war reconstruction.
5. We agree with the proposition that federal government financing of local public works or housing should be restricted to those municipalities having a master town plan.
6. We believe there is point to the suggestion that the federal government should encourage the preparation of local public works plans by agreeing to underwrite the cost of preparing the detailed plans for public works projects which have been mutually agreed upon as being

potentially possible and desirable, whether or not the project is eventually proceeded with.

(Such a procedure would permit the accumulation of a shelf of possible local post-war construction reserves, adequate for any eventuality, without unduly burdening the limited financial resources of local communities with the cost of preparing expensive detailed plans. The cost of preparing the plans would of course be a charge against any project eventually proceeded with.)

Whatever the federal policy may be with respect to the financing of local public works, it is important—indeed, it is imperative—that a statement be made at an early date regarding the government's intention.

Until there is decision as to how and by whom the post-war program is to be financed, there is little point in urging our municipal governments to spend the time, money and effort that will be required in preparing an adequate shelf of possible post-war construction projects. Given a lead in this matter, the municipal governments can be counted upon to play their part.

Right now, however, we are no better prepared than we were in the early depression years to launch a creditable and defensible public works program. Meanwhile, the war is reaching climacteric stages. Conceivably it may go on for years; but it may end, even in 1943.

Planning takes time, and there is much planning to be done. Let us at least be reasonably well prepared for the eventualities, uncertain though they may be, either in terms of time or circumstance. "Too little—and too late" must not characterize our preparations for the post-war world.

HOUSING

If we have left the matter of housing to the last, it is not that we regard it in that order. Rather, we are convinced that a full-scale attack on the housing problem is by all odds the ranking A-1 priority for the tasks of peace.

The housing conditions of the Canadian people are far from satisfactory.

In the 1941 census, 25 Canadian cities housing a population of 30,000 and over, were subjected to a housing survey. Based on returns from every tenth dwelling, the survey revealed that 61.5 per cent of the people of these cities lived in rented quarters; 38.5 per cent were home-owners. Of the tenant homes, 53.6 per cent paid less than \$25 rent monthly; 36.3 per cent less than \$20; and 16.5 per cent less than \$15. Nearly 42 per cent of all houses, both rented and owned, were built of wood, and 20 per cent of the total were obviously in need of exterior repairs. More than 17 per cent had neither bath nor shower; 4.5 per cent depended on outside toilet facilities; and nearly 10 per cent shared toilet facilities with others. Thirty per cent had no means of refrigeration, either mechanical or ice.

When it is remembered that these figures included returns from both large and small cities, from cities a century and more old, as well as cities that have come into being during comparatively recent years, it is understandable that the returns from some of the cities show an even more aggravated and serious state of affairs than the inclusive and over-all facts undoubtedly reveal. For instance, bearing in mind the type of dwelling likely to be available at a rental cost of less than \$15 per month, the survey showed that 25.5 per cent of the total households in Hull were in this category; 25 per cent in Saint John, N.B.; 15.7 per cent in Montreal; 15.1 per cent in Sherbrooke; 15 per cent in Saskatoon; with proportionately large percentages in other Canadian municipalities.

There can be no doubt that an alarming and acute housing crisis has been piling up and awaits urgent action in the immediate post-war years. Decent housing accommodation for low-wage income families remains the unresolved major problem of our urban communities.

Universal experience, confirmed by Canadian experience, testifies to the fact that unassisted private enterprise has been unable to provide decent housing for those of low income.

In order that a large proportion of Canadian urban families should not continue to live in unfit dwellings, and in order to supply the urgent need for housing facilities, conforming to an acceptable minimum standard, for the low-income groups, and thus to attack the serious problems of health, welfare and order, which are directly related to inadequate housing, we believe that:

1. A bold national policy should be adopted for rehousing the low income groups at acceptable minimum standards, as a co-operative undertaking among federal, provincial and local governments and private enterprise.

This policy should be designed to stimulate local initiative, recognize local circumstances, and vest the control in a properly constituted local housing authority.

2. The federal government should extend, in accordance with local needs, financial assistance to local authorities, conditioned on the existence of a comprehensive town plan and housing program meeting satisfactory standards.
3. The appropriate federal housing agency or department should extend capital grants, long-term, low-interest loans, or annual rent subsidies to cities, in order to permit them to carry out a local housing program.
4. The federal government should also extend and provide long-term low-interest loans, up to 90 per cent of the loanable value (say with a maximum of \$6,000), for housing purposes to individual home builders and building societies.
5. A model provincial housing law should be prepared, to enable local communities to take part in a national housing program, and to carry out community rehousing programs, in which public and private groups can cooperate. The provinces should be encouraged to enact legislation in conformity with such a model provincial housing law.
6. Finally, municipal authorities should consider the reduction of the rate of taxation on buildings and the corresponding increase of such rates on land, in order to lower the tax burden on home owners and the occupants of low-rent houses, and to stimulate rehabilitation of blighted areas and slums.

URBAN BLIGHT AND SLUMS

Anyone who has travelled across the Dominion during recent years can testify to the universal shabbiness and blight which characterize the downtown and mid-central areas of our Canadian cities. The rapid and unplanned growth of our urban communities has led to their premature obsolescence and physical decline. Most Canadian cities and many of our smaller towns are suffering from a cancerous rot at their very core.

Coupled with the erosive deterioration of our central business districts are the slum areas, which, generally speaking, adjoin them. These mute evidences of urban disintegration are the product of laissez-faire and lack of imagination. Left unattended, they will spread their malignant influence over wider and wider areas, until the entire community is one vast mass of blight and wasting decay.

Despite the pervading decline, the central business district continues as the focal point of the community. It is the locale of vast investments, the hub of the city's network of surface transportation, and of its economic, public and cultural life. It is worth saving. On economic grounds alone, we must bestir

ourselves, lest the damage already done become irremediable. More important, if the old civilizing values of urban living are to become real again, we must reshape and rebuild these centres into places of character, meritorious design, and expansion of the city's personality. They must be made accessible. Breathing space and elbow room must be provided. They must be transformed by sunlight and park squares. They must be stripped of the drabness, unsightliness and seediness that mark them to-day. They are worthy of our most spirited and enlightened consideration.

So, too, with our slums. They must be eradicated, lest they spread to larger and larger sections, or otherwise drag down the community. The rehabilitation of our downtown business districts, and the clearance of our slum areas, is the most challenging urban problem of our times.

Here, in its finest sense—the rebuilding and reconstruction of our urban communities—is that “moral equivalent to war” which our social philosophers have been telling us we must find if we are to save our civilization from a headlong plunge into chaos and despair.

We must tackle these problems in the spirit of a crusade—certainly on a vastly wider scale than anything ever applied to them heretofore. The magnitude of the task is in itself the justification of our planning to undertake it. Nor should we be apprehensive at the prospect of it costing large sums of money. Rather should we be fearful lest our imagination fail us, and our present high hopes crumble in a post-war slough of cynical self-interest and a return to laissez-faire.

The rehabilitation and rebuilding of our urban communities does not in itself promise a post-war utopia; nor is the undertaking one likely to be fully realized in a short span of years. It will take time to achieve, and should not conflict with the prior goal of full employment within the field of private enterprise. Much of the task would form a part of the normal activity of private construction, and that which is of a public nature would, for the most part, be proceeded with only when any slack in employment threatened to occur.

By such a process, over a span of years, providing both private and public construction are fitted into a well-conceived master plan, we may look forward, on the one hand, to a reasonably permanent condition of full employment, and on the other hand toward the gradual realization of a better physical community.

The restoration to civic health of our towns and cities, a job we can surely do over the years to come, is a compelling prospect, and an economically sound as well as socially desirable post-war objective.

Mr. Chairman, the Federation is placing before you a supplementary financial statement based on statistical findings of the Bank of Canada. The statement is brief but it should be taken along with the written brief. The foreword is as follows:—

The source of financial data incorporated in this memorandum is taken from a report of the Bank of Canada: “Statistical Summary: Aug.-Sept. 1943”. The arrangement of the tables and the accompanying comments are the responsibility of the undersigned. The purpose of the memorandum is to serve as a supplementary document to the brief prepared on behalf of the Canadian Federation of Mayors and Municipalities for presentation to the Special Committee of the House of Commons on Reconstruction and Re-Establishment.

The first section of the brief, above referred to, deals with local fiscal and taxation problems affecting post-war reconstruction and discusses them in a general way. This supplementary statement supports, with fact and figure, the broad conclusions presented in the brief. On the basis of the financial data herein tabulated, we can conclude:—

1. With few exceptions, and these mainly in rural and school districts, Canadian municipalities are in the best financial position they have been in for many years.
2. The many municipalities who experienced financial difficulties during the depression years have, for the most part, adjusted their situations. Municipalities still in default are relatively few and in most instances plans for refunding or other creditor arrangements are pending.
3. Since 1940 municipal bonded debt has been rapidly reduced; or refunded at lower interest rates, with consequent substantial lowering in the cost of debt service.
4. The backlog of depression-born tax arrears has been greatly liquidated and current tax collections are at a high level.
5. Public welfare costs have been reduced; and there is practically no expenditure for direct unemployment relief.
6. Municipal economies—deferred maintenance, curtailment of non-essential services, non-replacement of personnel retiring, resigning or leaving to join the armed forces—have effected lower wartime administrative costs.
7. The sale of tax-reverted property has improved consequent upon a stronger realty market.
8. Improved budgeting methods and better business practice have made for a more efficient administration and lowered the costs of municipal government.

To partially offset these gains, municipal governments, taken in the aggregate, are confronted with:

1. A substantial increase in the costs of education.
2. A vast backlog of deferred maintenance.
3. Obsolete and inadequate physical facilities (town halls, fire and police stations, schools, waterworks, etc.).
4. Unsatisfactory salary, wage and pension levels for municipal employees.
5. Demand for increased and improved municipal services.
6. A none too stable tax base.
7. Increasing incidence of property tax exemption.

SUMMARY

While the sound fiscal policies pursued by the municipal governments of Canada, during the years 1940-43, have served to improve their financial status and generally to place them in a preferred position looking to the after-war years, it would be a false assumption to conclude therefrom that they are all set to play a new and expanding role in the tasks of reconstruction.

To the contrary, municipal governments are handicapped by certain administrative and legal limitations which, coupled with the shrinking and uncertain tax base upon which their major source of revenue depends, places very definite limits upon their present capacity to anticipate other than a normal resumption of their traditional sphere of activity.

Not that municipal governments would have it this way. They envisage much that can and should be done to improve the physical structure of our urban communities and to enhance the welfare of the people who live in them. But if the people are expecting that these desirable ends can be achieved within the present framework of municipal administrative powers and fiscal-tax structure, then they are going to be disappointed.

Municipal reform along the lines outlined in the Federation's brief is a necessary prerequisite to post-war reconstruction on the local level.

Mr. Chairman, I shall not read the comments or refer you in detail to the tables which follow, but you have a series of tables. The first one deals with the current revenue from tax sources over the four-year period. The second table deals with current revenue from non-tax sources over the period. The third table deals with current revenue and is a recapitulation of current revenue from all sources. The fourth table deals with current expenditures over the four-year period under review. The fifth table deals with current expenditures including debt repayment. The sixth table deals with types of outstanding bonded debt excluding public utilities. Table No. 7 is an analysis of the total net bonded and guaranteed debt shown by class of municipality. The concluding table shows the total net debt by class of municipality and province. Mr. Chairman, that concludes the written and supporting financial figures of the brief of the Canadian Federation of Mayors and Municipalities to this Special Committee of the House of Commons on Post-War Reconstruction and Re-Establishment.

The CHAIRMAN: Gentlemen, you have heard the brief as presented to us on behalf of the Federation of Mayors and Municipalities by Mr. Mooney. The meeting is now open for questions. Possibly when questions are asked either His Worship, Mayor Raynault, or Mr. Mooney, would indicate who, if they themselves are not going to answer the question, is the proper visiting mayor to answer the particular question. I am now in the committee's hands. Somebody told me I was just about the most unpopular fellow in Ottawa today for having this committee sit on Saturday, that there are some important events taking place outside of parliament this afternoon. However, we will sit until the work is over. If the work is through at 1 o'clock, naturally we will not sit in the afternoon. I am entirely in the hands of the members of the committee.

Mr. MACNICOL: Would it be in order to ask one, two or three of the mayors of the larger of the cities and one, two or three of the mayors of the smaller western and eastern cities to elaborate a little more fully on just what extra problems war conditions have placed on their respective municipalities.

Mr. MOONEY: The mayors are quite prepared to answer any questions. I think the suggestion is an excellent one and will give us a very lively situation of conditions in the different cities consequent on the war. I shall ask Mayor Fry from Edmonton to start off from the West.

Mayor FRY: Mr. Chairman, and members of the committee, our most pressing problem in Edmonton is the problem of housing. War-time Housing has given us 350 houses but it does not mean a drop in the bucket. I think the most pressing problem in the days of reconstruction is the problem of housing, and housing especially for the low income group. That is the group that has been neglected and a group for which we must make some preparation. I think that is the most pressing problem so far as we in Edmonton are concerned.

I realize that we out there are somewhat different from some of the cities in eastern Canada. Canada, as you know, is a very extensive area and it presents different problems in the different areas. We in Edmonton have benefited to a great extent by the war and its many ramifications, being especially affected by the American construction of the Alaska highway and the various projects like the Canol project and other projects there. At the present time we have no unemployment. In fact we cannot as far as our municipality is concerned, get enough help to carry on our services in the way they should be carried on. But we realize that as soon as the war is over a good deal of this work and a good deal of this employment will be no more and we will be faced certainly with the very heavy problem of unemployment.

The city of Edmonton has an individual charter; it is not an over-all charter as many of the cities throughout Canada have. For that reason a couple of years ago we sought and obtained permission from the legislature to set aside reserve funds. We have set aside very heavy reserve funds. We have put our taxation very high. If any of you are from western Canada you probably know as far as the city of Edmonton is concerned we have one of the highest tax rates in Canada. We have felt that our people in the prosperous times, brought on by the war, were in a position to pay these taxes, and they are paying them without any complaint whatsoever. Therefore we have set aside large sums of money for the period of reconstruction. While we believe that the problem of re-establishment is mainly a problem for the senior governments, and especially for the federal government, nevertheless we believe that we should do our share in co-operating and helping to assist in giving employment in every way we can.

Now, coming to public works, the city of Edmonton owns its public utilities. That has been the only thing that has kept us from going under during the period of unemployment. We have also set aside large reserves in those utilities for the purpose of being able to bring them up to date and to keep them in good physical shape when the war is over.

I think that is probably all I have to contribute, Mr. Chairman, unless somebody would like to ask some questions about the city of Edmonton or western Canada.

Mr. McDONALD (*Pontiac*): I would like to ask the Mayor of Edmonton if he can tell us the percentage of increase in the population of his city during this war, owing to the development that has been taking place in that district, and what percentage of that increase he estimates or does he know, will be permanent?

Mayor FRY: Well, that is rather a difficult question to answer, sir. We in Edmonton take a census every year of our population. The population indicated by the census in June, 1943, showed that an increase of 9,000 had taken place. In taking our census we follow the example of the Dominion Government. We take only those who were resident in the city six months previous to the time of taking the census. There are, no doubt, a great many more that are not included in the count, temporary residents. We estimate, and it is only an estimate—and it is supported by the Chamber of Commerce and other important bodies who have studied the question—that there are probably 125,000 people there. The Chamber of Commerce estimates 130,000.

Mr. BENCE: Your population has increased 9,000 since the beginning of the war?

Mayor FRY: Nine thousand in 1942-43. There was some increase in 1942 owing to the Americans coming in. They came in the end of March, 1942 when they began their development. There was an increase in 1941-42 of about 2,000 and in 1942-43 an increase of 9,000 permanent residents as we count them, which is the same count as the Dominion Government uses. With regard to how many would be permanent, your guess is as good as mine. We think a considerable number will be permanent because of the excellent air fields and air services that we have to the Orient. We believe there is going to be a very great volume of traffic there even in peacetime. We hope so, and we have reason to believe there will be.

Mr. McDONALD (*Pontiac*): You are very favourably located.

Mayor FRY: I think we are very favourably located, yes. Anybody who visits Edmonton these days will be amazed at the number of planes he sees in the sky.

Mr. MOONEY: I am now going to the Atlantic Coast and ask Mayor Lloyd of Halifax to speak.

Mayor J. E. LLOYD: Mr. Chairman and members of the Committee, first of all, may I say, sir, that the union of Nova Scotia municipalities has endorsed the broad basis of the brief which has been submitted to you to-day, and it was done so after considerable examination by certain members of the committee appointed by the union of Nova Scotia municipalities to deal with this general problem of post-war reconstruction and rehabilitation.

Now, coming to the city of Halifax. In the city of Halifax to-day like the city of Edmonton we do not know how many are going to remain. Our normal peace-time population is about 65,000 people. Estimates have now placed it at 130,000: That is double its peace-time population. From other sources of information like the issuance of local ration books and the Might Directories' summary, the permanent residents, or at least what might appear to be permanent residents under present-day conditions would be close to 100,000 or 110,000 people, with the local population varying between 15,000 and 20,000.

The problem we have in the city of Halifax due to the conditions that war-time activities created there are largely mainly the armed forces, the Navy, Army and Air Force. In Halifax in the years of depression there were three men, I think practically or I might say in general terms, a corporal's guard in the Wellington Barracks. Now, without disclosing figures of any nature which might lead to my being questioned, gentlemen, there are thousands to-day occupying that same place and an overflow to other places to meet the demands of the armed services.

Because of our distance from the industrial areas of Canada there are two schools of thought: one which believes that we must try to promote as much as possible and to retain small industry to help us in this post-war problem of avoiding mass unemployment. There is another school of thought which believes that the Navy might well be established on a more substantial basis than existed in 1939 and by the carrying out of that policy a considerable number of men who wish to carry on a career in the Navy, Army or in the Air Force may find an opportunity so to do in the port of Halifax in the city of Halifax. Permanent buildings have been established there and we are very grateful for this indication of that possibility; but we hope that the permanent buildings will be continued to be used. There is a specific instance of how you can maintain a certain number of men employed in the after-the-war period. There is another matter which we are concerned about and it has already been mentioned by Mayor Fry of Edmonton, and that is the question of post-war funds. He indicated that substantial funds were built up through public ownership of utilities. I think that is true in some of the larger areas. The building up of post-war reserves is an excellent suggestion. It has also been suggested that they might be matched with federal dollars. If you are going to match anything with federal dollars of course you should have some equity as between municipalities to start with, and where the public utilities are privately owned and subject to excess profits tax immediately you bring about the need for some formula to overcome what might be a negligible assistance to match those post-war dollars by the municipalities.

Naturally I generally subscribe. I think it is an excellent principle; but I think if that policy is followed we should also devise now a formula whereby something could be done along that line. Perhaps I may make a suggestion. My suggestion is that now we could permit, under the Dominion-Provincial tax agreement, the municipalities to impose on income tax on public utilities where they are privately owned in order to achieve a measure of equity with those public utilities that are publicly owned. That is a positive, constructive and specific suggestion as to how you might assist those municipalities who do not own public utilities which are enjoying a big volume of activity under the stresses and strains of war-time conditions.

Mr. Mooney's brief, as we view it in the east, indicates that the municipalities and the cities are ready, willing and anxious to improve many of the conditions which exist within those municipalities; and the supporting statistical documents and the resolutions contained in the forewords of his figures show that it would be a false assumption to conclude therefrom that they are all set because of improved financial circumstances to carry out post-war plans in a degree which is going to avoid that interim period as soon as the war ends. There are many municipalities which had industrial activity to off-set the armed services activity. In Halifax, what is going to happen? Therefore, having our sights kept pretty high and ready and having compiled figures as to what is our financial policy by way of taking full advantage of our credit without imposing too much burden on real property, we cannot obtain those objectives without financial assistance in some form from the national treasury.

I should like to suggest to you, sir, and gentlemen, that the information given to me by Mr. Arthur Collins, financial adviser to the British municipalities, is worthy of your consideration. In Great Britain the national government pays 50 per cent of the cost of education throughout the municipalities within Great Britain. They then take the financial statement of the municipality and after deducting their contribution to education they work out a formula which apparently seems to be satisfactory of further assistance on the balance of the expenditure to the municipalities. It is all based on the general theory that so long as you have an economic unit such as Great Britain, that the whole economic structure must yield certain minimum standards of living to the whole in that economic area. Mr. Arthur Collins in conversation with me—I indicated to him that we had three levels of government, and asked him if it was possible here—that it was possible. He said that he saw no reason in the world why such a policy could not be applied to Canada; therefore, Mr. Chairman and gentlemen, it is possible to give financial assistance to the municipalities in certain fields as indicated by the brief and as indicated by the brief by looking at the field and seeing what is done elsewhere. And furthermore, by so doing, you will assist the municipality in carrying the increased carrying charges on the deficit if necessary; and that is the way it is going to be done without increasing the burden on the civic properties and thereby permitting other public works.

There has been the suggestion made this morning by one of the mayors that the most important step is got up ready for the six months immediately after the war is over; and I think that if we can somehow or other try to plan for that immediate six months we can then go the next step, the next period of say five or ten years and then follow along the long-term view after that.

Thank you.

The CHAIRMAN: We have now heard from the Mayor of Edmonton and the Mayor of the city of Halifax, from the far east and the far west; I am wondering if it would not be wise to ask the members if they have any questions they would like to ask concerning the statements which have already been made to us, and then if time permits we can hear from some of the other mayors. Quite a volume of information has been given to us now in this brief. Are there any questions?

Mr. MACNICHOL: There is a question which I have in mind, Mr. Chairman, which perhaps some of the mayors could answer—Mayor Fry did say something about it. I want a little further elaboration as to what the war has imposed on the big cities by way of the movement of population from other parts of the country to the big cities for employment. Perhaps we could hear from one or two of the mayors of the larger cities on that point.

Mr. MOONEY: You could probably get a very excellent résumé of that situation if you were to call successively the Mayor of Hamilton, the Mayor of Toronto and the Mayor of Montreal.

The CHAIRMAN: Would the mayors indicated kindly give the committee information that will answer the question asked by Mr. MacNicol?

Mayor MORRISON (Hamilton): I might state that in 1938 when we began to get on our feet we had working in the city of Hamilton 35,000 workers and in the spring of this year we had 64,000 workers or an addition of some 30,000 workers coming into the city of Hamilton. It has gone down slightly. And we now have 1,450 wartime houses together with two large hostels—one for women and one for men—and there are some 529 in each hostel. Now, it is a rather peculiar thing, since I have been Mayor of the city of Hamilton, we have reduced our indebtedness somewhere in the neighbourhood of 60 per cent. You would think that that would be largely reflected in taxes, but it is not; our maintenance and operation expenses have increased during that time some \$1,200,000 and largely under the heading of three major expenditures—hospitalization, education and works, the repairs to streets and things of that kind. I might say that the demands of the people are increasing to such an extent that I fear a total collapse in regard to home ownership. We had some 65 per cent of home owners and it has gone down to 52 per cent and will continue to go down. I feel that after the war unless something radical is done to protect the home owners and readjust taxation we will just simply have chaos. In the city of Hamilton during the depression we had 8,694 families on relief—let us take it roughly as being 9,000 families—and then take five to a family (according to the Dominion Blue Book) and we will have some 45,000 persons on relief, of which the city of Hamilton paid every dollar for some time. We spent some \$5,000,000 in direct relief and we spent some \$6,000,000 in indirect relief, in matching dollar for dollar.

I see that the week after or the day after war ceases we will have at least 25,000 or 30,000 workers out of work. It is all right for people to talk about rehabilitation, but what is giving me concern is what is going to be done immediately after the war because in the last war the workers left their factories in Hamilton at 11 o'clock in the morning to celebrate the Armistice and when they went back at 1 o'clock in the afternoon the factories were closed and they could not get in. Some people say that unemployment insurance will take care of it, but I want to point out to you people that in a family of five the unemployment insurance is \$12 a month less than we paid in the city of Hamilton for the same size family for relief; unemployment insurance is totally inadequate to solve the question. Then it has been said that these people should have money. Gentlemen, it does not make any difference whether they should have; the question is, have they? And if they haven't got it, then it is the duty of the city to supply that money.

I am not talking about policies at all, I am talking of what must be done to help tide us over. The question is too heavy for me to solve and my doctor has ordered me not to run this year. And I might say that yesterday was our nomination day and I did not allow my name to stand.

Mr. MACNICOL: How long have you been Mayor of Hamilton?

Mayor MORRISON: I have been for eight years mayor of the most industrialized city in the whole dominion of Canada. I might say that we supply 50 per cent of the steel throughout the whole dominion of Canada in regard to war requirements. For our size and for our population we supply more than any other city in the dominion of Canada, we are purely a war-worker city. I am talking now about the fact that there will have to be a considerable time of readjustment in regards to commercial production. You take many of our industrial firms in the city; one of them told me that it took them two years to tool up and get ready to get going on war production and turn out their first gun. And now, gentlemen, they may say that they can produce just as quickly commercially as they did for war purposes. Well, if they do, it is going to take a long, long time to get our commercial production in proper

gear. I feel that whatever is done, the main thing is to protect the homes, and that you people must do, because the only taxation we have got is direct taxation. We have to provide our roads, but we do not get a cent from the use of the roads; that goes to the other governments. Then, as you know, social services are provided for 100 per cent of the people, but 52 per cent of the people pay for them. There must be some readjustment, as Mr. Mooney said, in regard to the collection of taxes. What I am here for is mainly, of course, the immediate position after the cessation of hostilities.

Mayor CONBOY (Toronto): Mr. Chairman, I do not think I will take more than about two minutes and a half to say all that I have to say with respect to the whole matter. Toronto, like other cities, has had a great influx of war workers from all parts of Canada and they have, of course, created a number of very difficult problems. First of all, there is the matter of housing. We have tried to meet it by turning our stores, 600 of them, into living quarters, and we have received government money to the extent of \$250,000 for conversion purposes, and we have had a very considerable amount of private building. We have followed along the lines of this brief so far as a municipality could. We have done our zoning with regard to our own land; we have started up a planning commission, and its report will be ready within ten days. We have had a committee on reconstruction working; and then, too, we have drawn up a program of civic improvements. We have started in connection with that on a new sewage disposal plant, to make sure that we will have something under way; and we have appointed a housing authority for the construction of low rental housing. Our industrial commission is all prepared to try to get all the industries we have and swing them over from war-time activity to peace-time activity, and to get new industries and to make a special effort to get industries from Europe. Now, at the same time, we have tried to improve local conditions. We have had a very substantial reduction in our debts—\$15,500,000; we have established a pension fund; and our effort has been to clear the decks so far as our own responsibilities are concerned. We have had many responsibilities, as I said, placed on us by people coming into the city. We have found it necessary to enlarge our hospitals. We are building two new hospitals and we are prepared for increased transportation facilities, which at the moment are entirely inadequate, and for new traffic arteries.

But what we desire at the moment, above everything else, is that the government should make some pronouncement in regard to its policy, and we have reached the place now where we are at a standstill because we do not know what the federal government is going to do. We do not know its plans with regard to housing; what burden they will accept; under what conditions they will be willing to loan us money; and until that is forthcoming it is very difficult for us to proceed any further. As a municipality we have done everything we can do to be ready for the period immediately following the war and to be ready for the long uphill effort that may later come. What we want in Toronto is to be apprised of government policy with regard to housing, with regard to other projects—we have lined up projects that we want to undertake and to which we are willing to contribute. Our financial position is good but we are not able to finance the things that might be done to make sure that all our people will be employed, those who have been with us and those who have recently come in—and we think they will stay with us. We think as far as our city is concerned that these people are now so well rooted in Toronto that they will stay in Toronto; and, consequently, we are planning on that basis. Now, what we want above everything else is to know as soon as we can what the government intends to do. We want to know what we may expect with regard to the demobilization of the troops, and if we can get reasonable assistance from the federal government; and if we

should know fairly soon what that assistance will be. We feel sure that we will get provincial assistance; they have already told us we will in education and hospitalization, and we hope also for a reduction in the cost of social services. We are in a position to go ahead but we are being held up at the moment waiting for some definite pronouncement as to what we can expect from other sources.

Mayor RAYNAULT (Montreal): I do not know that I can add very much to what has been said by my colleagues of the Federation of Mayors and Municipalities. I agree with practically all that has been said by Mayor Morrison and Mayor Conboy, and in Montreal our problems are essentially the same as those they have dealt with. In Montreal we have about 15 per cent more population than we had before 1939, and over 50 per cent of that population is engaged in war work; and as Mayor Morrison pointed out, that means that immediately after the Armistice, a few days after the war ends, we will have a great problem of readjustment; and it will be a great relief as my friend Mayor Conboy says, to hear from the government what they are ready to do at that time to help the city out. I may tell you that Montreal is now in a much better financial position than formerly; I can say that, much better. But if Montreal is going to do anything substantial it will need financial assistance. While our finances are in a much better shape to-day the fact remains that for a long time we had to bear alone considerable burden for the cost of relief. True, at a later stage the other governments, both provincial and federal, came along and helped us out, but even then we still had to pay 40 per cent, with the result that we had to go out and borrow money with which to make our payments to our people on relief. To-day we have, I would say, about 50 per cent of our people on war work, and for that reason immediately hostilities cease there will be a very great problem for the city of Montreal to deal with. It would help much to improve our position if we could have a statement from the federal government as to what they are going to be prepared to do when that time comes to put the municipalities in a happier financial position. We all have a lot to offer, much of which we could not hope to undertake by ourselves, and it would be of real assistance to us if we knew just what the situation at that time was going to be.

You take in a city like Montreal where we have a great number of different elements in our population, there is always one movement or another coming along with proposals that the government should do this or the government should do that. I think it would be much better for all concerned if the government would come right out and tell us what they are prepared to do; and in that way we could forestall much of the agitation which contributes so directly to unrest, and which would do much to stop a great deal of this agitation. If we could know from the government what they would be in a position to do when that time comes it will put us all in a much more favourable position than we are in to-day.

Mr. MACNICOL: Mr. Chairman, would it not be an advantage to all concerned if you were at this time to indicate to the mayors the interim report which the committee made to the House a short time ago?

The CHAIRMAN: Yes, Mr. MacNicol, I will do that. I might tell the visiting mayors that this committee has been working throughout the last session and throughout the present session, which is now in adjournment, and on June 22nd of this year, on behalf of the committee, I presented a report to the House of Commons, to which reference was made by Mr. MacNicol, relating to housing, which has been somewhat in the forefront of our considerations so far. In our interim report it says this:—

In many parts of Canada the rehousing of our people is an absolute post-war necessity. There are repulsive, unhealthy slum conditions in

many of our cities, many of our towns and villages, and many of our rural farming areas. These slum conditions should be totally eliminated in the shortest possible time after the war. To make sure of this, authority should be taken by the government to finance—or assist in the financing of—better homes for our people. In the opinion of your Committee the cost of home buildings, financed by or with the help of government, and the payment for such buildings, should be related to the life thereof in terms of years, and should bear as low a rate of interest as possible.

Previous to this the report had dealt with the necessity of preparing for certain work in connection with the development and utilization and conservation of our natural resources, and then we followed that with a definite recommendation to the government that a body of some nature organized under ministerial responsibility be set up at the earliest possible moment to take cognizance of the various recommendations made in this report and others that might come. So that this Committee has carried out that duty already.

Are there any other questions? If there are no questions I will call on some of the other visiting mayors, but if there are questions I should like to have them for two reasons, first so that the members will ask them and secondly so that the mayors who are here will have an idea of the questions that are in our minds and be able to answer them.

Mr. BENCE: Do you mean question the mayors who have just spoken?

The CHAIRMAN: As you wish, or questions on the brief.

Mr. BENCE: I should like to know in connection with the brief whether or not generally speaking the various municipalities of the country are tabulating works they are able to do under the suggestion set forth on Page 12 with respect to those things which they believe are purely the municipality's responsibility. As I understand it you divide the thing into two parts; there are certain projects which they believe are strictly the responsibility of the municipality and other projects which they believe should be assisted financially by outside sources. First of all, if in our committee we were able to consider the amount of work which was available and which they were going to take care of as such, then from there on we would be able to go ahead and figure out various other projects to be undertaken with the assistance and the advice of the municipalities, of course.

The WITNESS: Most but not all Canadian municipalities have prepared lists of possible post-war public works. In most instances they are divided and segregated according to what would be purely local financial responsibility of the government, those that would require provincial and/or, those that would require purely provincial like road networks leading into the city, and those which, in the case of the municipalities, are essentially projects which would have to be financed almost wholly or at least for the most part by federal funds.

Reeve WARREN: I happen to be the only Reeve among the municipalities. I am representing a township that happens to be a township of considerable size, 40,000, immediately adjacent to the city of Toronto. The reason I presume to rise is that at the present moment York County Council is in session. It is composed of twenty-six municipalities with a total population of approximately 300,000. I happen to be chairman of the reconstruction committee of that body. On Thursday they spent the whole day discussing these various things. I have here before me the report of our committee before that body. In the final paragraph it sets out that I have been kindly invited as a member of the national executive of the mayors to appear before this committee and they ask that I present our views. It is covering the very question that the member asked, and that we have been asking all year. We have written to other municipalities in York County presuming there would be a program of public works to start immediately when the war is ended. Mayor Morrison spoke of being mayor of

Hamilton for eight years. I have been reeve of my municipality for eleven. A number of mayors and reeves around Toronto and in the whole of York County are alarmed over the prospect that this war may end in the same manner that it did before when we were placed in the position of having to hire men to wheel sand from one pile to another with the municipality paying the money, and the provincial and dominion governments paying money for that sort of thing. We have a program of works in each of our municipalities and we are prepared to submit that. They have submitted proper scheduled plans, Forest Hill, Etobicoke, Long Branch, Leaside, East York. They have got their programs ready, of what they believe would be not only a good program of public works but would be of benefit to their municipalities and the country at large. Most of them have prepared under their town planning committees what would be extensions of their public parks. They have gone into the question of roads and everything pertaining to what a municipality would do. I have a list of them here. I am not going to read them, but I just rose to my feet to tell you that we are prepared as far as public works are concerned to go ahead. While I am on my feet I should like to say that this committee has not only gone into that but naturally in a community such as York County which is composed of 50 per cent agriculture they are very much concerned over the part that agriculture is going to play in the post-war period. Farmers are asking, "What are they going to do for the farmers?" We have gone into that matter in conjunction with their agricultural committee. I presume this is not the place to discuss that, but not only that, we have gone into the question of the industrial expansion.

If I may touch on that for a moment we feel that Canada is more highly industrialized to-day than it ever was. I believe you have about 900,000 employed in industrial activities. We have worked along those lines to the extent of interviewing the Canadian Manufacturers Association. We have interviewed industrialists from Great Britain. I think you had one of those gentlemen speaking to you either here or somewhere in Ottawa, Mr. Wickham. I do not want to go any further with that because I realize you will have briefs presented by industrial organizations, but before I sit down I would like to say that I would like to be able to go back to my county council and say that this fact finding committee, or whatever you are, of this dominion government is concerned with the rights of rural municipalities, urban municipalities, or big cities; that you are concerned the same as we are, that we do not want a situation prevailing as it did at the end of the last war, when the final bugle sounds and the end of the war is here. As Mr. Mooney said in his brief, we have the blueprints, we are ready to go ahead. We have got works all detailed and there is no reason at all why it cannot go right ahead. We have got everything ready. Those who have not got theirs ready have promised to have it in by the end of the year. What we are waiting for now is leadership from the dominion government as to their policy. That is along the line again as outlined by Mr. Mooney. In the two or three years between the cessation of the war and resumption of industrial activity we would have to do works which would have ordinarily been spread over perhaps ten or twenty years.

Mr. MACNICOL: May I ask Mr. Mooney if any of the municipalities have submitted works of such magnitude that they must have assistance because it is financially impossible for them to complete them themselves? I notice a reference to that in No. 1 on page 12 and No. 2 on page 13.

The WITNESS: Yes, quite definitely. I know of a number of municipalities in Canada who have listed a local public works program, that is to say, a public works program that would take place in the local area but much of the listing calls for financing beyond the capacity of the municipality and the kind of project they are contemplating is of a provincial and/or federal nature. I could give you examples of that if you wish but that is specifically the answer

to your question. There is one matter, Mr. Chairman, however, that I think should be stated in order that the record would be clear. While many municipalities—I may say most municipalities—have prepared lists of desirable local public works not too many of them have actually prepared specifications and drawings and blueprints for those particular public works, and if an early large volume of local public works was required it would be some months before we would be ready at the present moment to implement a program.

Mayor MORRISON: I would like to ask Mr. Mooney if there is any arrangement in regard to raw materials?

The WITNESS: There is none that I know of, but we did point out and I again draw to your attention paragraph 6 on page 13 where it is suggested that the federal government should encourage the preparation of local public works plans by agreeing to underwrite the cost of preparing detailed plans for public works projects. Engineering costs of preparatory planning would probably run from 3 to 5 per cent on a major public works project and is quite beyond the capacity of many municipalities to put up at this time. Therefore, if you are going to have not only an adequate local reserve list but a reserve of specifications and drawings ready to go ahead if, as and when necessary, then the federal government in my opinion, and I think supported by the mayors sitting around this table in the Federation, ought to provide financial resources to make those plans now.

Mr. MACNICOL: Mr. Chairman, I think Mr. Mooney makes a very good secretary and has delivered his remarks excellently, but the matter I had in mind is No. 2 on page 14:—

In some instances it will be in the national as well as the local interest for the federal government to make an outright grant to cover in whole or in part the cost of certain kinds of local public works.

The mayor of Moose Jaw is here. I do not know whether the mayor of Regina is here or not.

Mr. BENCE: Saskatoon is here.

Mr. MACNICOL: Saskatoon is a very beautiful city favourably situated on a river with a lot of water and it does not come into the picture I have in mind. If the mayor of Moose Jaw cares to say something about the problem I know it would be of very great interest. As to those two cities that I have mentioned, Regina and Moose Jaw, Regina is about 130 miles from the river, and as to Moose Jaw I think it is 70 miles from the river to Caron and 20 miles from Caron to the city. Both those cities are on the plains. Neither one of them has sufficient water. Regina gets what is required out of wells, but its growth will be in proportion to the amount of water it can get. It is on a small river called the Wascana. Moose Jaw is on a small river called Moose Jaw Creek. They both need more water. I would like the mayor of Moose Jaw to tell us about it.

The WITNESS: The mayor of Moose Jaw is not here. The mayor of Saskatoon is here.

Mr. MACNICOL: Pardon me, I thought the mayor of Moose Jaw was here. I will say a word then myself. It is a fine, smart town. It has a magnificent main street, a beautiful well-lighted main street; its store windows are richly adorned. It is about 90 miles from the South Saskatchewan river. There has been a ditch built from the river through which they brought some water to the Caron sand fields from which they had expected to draw some water through to the city some 20 miles east but from which they do not get any water at present. Those cities are entitled to water. That is too huge a project for either one of them, to bring water 90 to 130 miles, but they should have lots of water, should they not? That is too big a project for these two cities of the

plains to build. In my judgment the federal government should generously help to provide water to these two cities. That is one project that will provide a lot of work.

The WITNESS: Mr. Chairman, it was that kind of project we had in mind in paragraph 2. There are other projects that have the same applicability to local need but are desirable in the national interest. For instance—I only use this as an example—there would be a bridge between Halifax and Dartmouth. I should like to see it done, anyway.

The CHAIRMAN: If there are no more questions we will ask each mayor to give us some of their local problems.

The WITNESS: Mr. Chairman, if that is the next procedure may I suggest that Mayor Ross of Sherbrooke give us his impression of what the war has done so far as the eastern township Quebec municipalities are concerned?

The CHAIRMAN: And what is required for the future; after all, we are a post war committee.

MAYOR ROSS: Mr. Chairman, fellow members of this organization, I only come from a very small town called Sherbrooke with about 40,000 people, but at the same time we have a lot of industries in our city. As Mayor Morrison has said of Hamilton, it does not consist of one industry. We have several industries of different types. I may say that during this war the financial statements of our city are wonderful because we have our own utilities which have been the backbone of keeping our tax rate very low. I might say our bonds when they are sold sell for more than the province of Quebec bonds. I might say to Mayor Fry of Edmonton that I understand the Americans went into your city up there and claim it was the first city they took without firing a shot. If I understand it correctly, it is practically under the Americans to-day.

Mayor FRY: No, no.

Mayor Ross: We hope that it will not be so later on. In putting this question before you gentlemen I think that this thing has got to be blueprinted and sent to you in a more definite way as to what each municipality has got to do. You cannot ask the government of our country to-day to act without having something definite. One section will send in what they want to do; another section will send in what they want to do, but you have got to have something definite and concrete as to what that work is going to consist of.

To my way of thinking down in our town we have several projects which should be taken care of. We are bothered in the high water time in the spring. Our hospitals are on one side of our river. Last spring for at least three days had there been an accident or a bad fire in the east side of our city they would not have been able to get their patients to the hospital unless they had loaded them into boats in two different spots.

Mr. MACNOL: Is the river overflowing?

Mayor Ross: Yes, we had six feet of water over one of our main streets. They used boats for two days to take people back and forth.

Mr. McDONALD (Pontiac): Did the bridge go out?

Mayor Ross: No, but there was a sag on both sides where you leave the bridge, and that is what flooded us. In the city of Sherbrooke we have a project in a bridge. We need another bridge, but we cannot go to the government and say we want a bridge. It has got to be in the form of plans. You have got to have blueprints to show what you are going to do. I was glad to hear a gentleman over here speaking of the water in western Canada. We have no filtration plant in our city for water. I had the privilege last spring of being here at the conference, and Mayor Lewis of Ottawa gave us permission to visit the filtration plant here which we did. For my part you are to be congratulated on it. I think the citizens of Sherbrooke need a filtration plant at the present time. That is

what we are working on. Some of the people say it is a post-war project, but I say it is not post-war. It is an immediate necessity to our public health in our city. That is not a post-war work; that work should be done now. I really think that the gentlemen sitting in the government would like something brought to your attention but in a concrete form. We might say we are going to wait and see what the government is going to do but that is not the question. You have got to know what they want before you can say how much you are going to do or what you can do. I am glad to have the privilege of saying a few words to you here. I hope that this government will not sit back and wait until they announce that the armistice has been declared and then next day, as Mayor Morrison says, in the afternoon they have no work. Let us do something now and have it ready no matter if it is six months from now that the war ends. God only knows we hope it won't be a year from now. Let us have it ready so that they can start in on some work and get things going and not have to wait for six months or a year after. I think we all agree that Mr. Mooney's recommendation should be followed up but I think, Mr. Mooney, you should ask other municipalities to forward to you a concrete statement of what they really want to do.

The WITNESS: I have many.

Mr. MACNICOL: May I ask this gentleman a question before he sits down? I am very much interested in your remarks about the overflowing of your river. We have been advocating very strongly a flood control and water conservation plan on other rivers. Have the municipalities on the river on which your city is situated back to its source made a survey of the possible reservoirs that can be created for the conservation of water? I would suggest, Mr. Chairman, that after the mayor answers my question that you ask the mayor of Brantford to tell what was done on the Grand river to eliminate floods.

Mayor Ross: I may say on that, Mr. Chairman, that the only real help that we could get in regard to the water in our river would be the dredging of the river, the digging of it out. We are sitting in the junction of the Magog and the St. Francis rivers and where they are flowing it is only natural that there should be gravel and earth come down which should be dredged. I really think if that were done it would help us.

Mr. MACNICOL: Are there any reservoirs in the mountains south of your city?

Mayor Ross: There are some; but the St. Francis river starts from the St. Francis Lake and empties into the St. Lawrence river. There is a drop in certain sections of that river which could be dredged and that might help our situation there.

Mr. McDONALD (*Pontiac*): Might it not be necessary to dredge farther down?

Mayor Ross: Yes, farther below and up above as well.

Mr. MOONEY: I shall now call on Mayor Ryan of Brantford.

Mayor RYAN: Mr. Chairman and gentlemen, I have listened with considerable interest to the discussion this morning. I have heard of Mayor Morrison finishing his eighth year and Mayor Ross his eleventh year, but I know that I shall be mayor for forty-four years. That was settled yesterday.

Brantford is a city that has considerably expanded itself due to war work. We are a city that has made progress in our financial condition. We have reduced our gross debt and our net taxable debt by approximately 50 per cent. We have reduced our mill rate from the years 1940 until now by $5\frac{1}{2}$ mills. Contrary to the municipal act we proceeded to lay money away. We put \$35,000 to what we call a tax adjustment fund. We have put \$26,000 away for anticipated fire equipment. We put some \$20,000 away for canal projects, and we put

funds away for the board of works. I shall not quote those figures. These funds are in reserve. But the proposition that we are confronted with now—and it is a debatable proposition,—is post-war. We have set up a post-war committee in our municipality. We have subdivided that committee under a chairman into local works, public utility works, necessary projects, desirable projects and national projects. After getting all committees fairly well organized and finding out what we would wish to present to the government the question was then repeatedly asked, where do we go from here? Definitely in my opinion the time has arrived when the federal government should definitely set up a minister of post-war reconstruction, a minister to have cabinet rank and that department of the government to have no other work but to plan and blueprint post-war work. We are prepared at any time that there is a place for the municipalities, to table an agenda of post-war work, to table those plans. We are at the stage where we want to know where we go from here. I believe perhaps we have gone a step farther in post-war planning than the average district in that we realized that our problems in Brantford were interlocked with our other municipalities in our adjoining territory. Therefore we have set up or have tried to form what we call a regional post-war committee, comprising the municipalities of Brantford, Paris, Ingersoll, Woodstock, Tillsonburg, Delhi and Simcoe. We have already had three meetings in Brantford and next Tuesday night we are holding a further meeting in Woodstock with the idea of developing a post-war plan for that area both of a local nature and of a national nature. We realize that the industrial centre of Brantford has drawn from the surrounding area considerable part of their population both urban and rural. We realize that a big percentage of that population has to be returned to the rural area, to the farms and to the smaller urban areas and they are going to have a real problem in disposing of them.

Mr. MacNicol was very interested in conservation. I believe our municipality, in co-operation with the federal and provincial governments, has given leadership to the rest of the Dominion of Canada in the matter of conservation.

Some years ago we approached the federal and provincial authorities with the Grand river conservation scheme. We got a commission appointed. We were allocated the use of Hydro engineers to lay out a complete conservation scheme. These plans were tabled with the federal government, with the support of the provincial government. We set up then the Grand river conservation commission to handle entirely the project. It was financed by 75 per cent support from the federal and the provincial governments, each government paying 37½ per cent towards that project, and the municipalities who were interested, or derived benefits therefrom are paying 25 per cent of the total cost, divided practically in proportion to their population.

We have completed what was termed the Grand Valley dam, which was the first step of the project, and that project cost approximately \$1,000,000. Brantford's share of that was I think some \$200,000. That is completed, and we had our first test of it last spring. We were able to control or hold back the flood waters of the dam until the other adjoining river waters had passed down. We have had an enormous lake there all summer, and we have released water continually throughout the summer season to keep the water at a normal level. I do not believe, sir, that the past summer was a good summer to create a precedent. We had a wet summer and we had complete storage of water. The water now will be gradually released so that the whole territory will be empty again to take care of the present conservation.

Our national project was planned in Brantford on the balance of that Grand river project, approved by the federal and provincial authorities. The balance of the scheme is all ready to go ahead. We had the approval of the government on it, but when war commenced the government stopped any further development. But, sir, the balance of those plans, more particularly the Luther

Marsh lands, are already approved of by the government and now we only await the time when you can say to us again, proceed with the plans on that project. Not only is that a water conservation scheme but it is a reforestation scheme for that entire area.

Mr. MACNICOL: You get a lot of water for municipal services.

Mayor RYAN: Yes, sir, it does increase our water for municipal purposes. I might just say with regard to the matter of the financing of the city's share of this, when the original act of parliament was passed it was to be financed over a period of twenty years by the sale of debentures by the local municipalities. We have financed ourselves. We went to the municipal board and asked them that we be allowed to finance it over a period of three years instead of twenty years. We sold debentures with a callable clause in the debentures of three years at $2\frac{1}{2}$ per cent. Owing to the surpluses we have had from our municipality annually we will be able at the end of this year to call the balance of the debentures and completely finance that in two years, making an enormous saving to our municipality in interest. But in my opinion definitely what every post-war municipal planning committee needs is some place to take and label and table their plans. Then if the government approves those plans as a post-war project it should authorize the municipality to go and get complete engineering data costs and man-hours that will be utilized; and the government should authorize the respective municipalities a sum of money specifically to take care of that project.

Mr. BENCE: Has your municipality been increased very largely as a result of the war and war industries?

Mayor RYAN: We have had a normal population of approximately 30,000. Our population is now 35,000. That does not include any part of the personnel of No. 20 basic military training centre which is in the community, and it does not truly represent the conditions, sir, because we draw from all the surrounding area as far as Hamilton and some from Hamilton as war workers in our community, which may be another 2,000.

Mr. BENCE: Are you, in company with Mayor Conboy, anticipating many of these people will settle there?

Mayor RYAN: No, sir, I do not think so.

Mr. BENCE: I am very glad to hear that.

Mayor RYAN: We have five industries in Brantford which have built big additions to their plants; but when the day of peace comes and when demobilization has to take place of war workers that in my opinion is the time for Selective Service to step into the picture and say to Mr. Manufacturer, you brought that man from the farm, he goes back to the farm. He may have proved a better worker perhaps to industry than the previous industrial worker, but he should not have the privilege of laying off more industrial workers and keeping some men from Simcoe, Delhi, Tillsonburg or Paris, who had come into the community from that area. Mr. Selective Service must say to the man from Simcoe or Delhi when he is laid off that he must go back to where he came from. I do not anticipate immediately after the war that we can absorb that increase in war workers.

Mr. Ross (*Middlesex East*): You gave us a very interesting resume of the Grand river flood project and you say the cost has been so far in the neighbourhood of \$1,000,000?

Mayor RYAN: Yes, sir, I think I am right in that.

Mr. Ross (*Middlesex East*): When was it completed?

Mayor RYAN: The one project was completed last year. They are completely through with it so far as the Dominion Government's share of any expense is concerned.

Mr. Ross (*Middlesex East*): We are looking farther west and are interested in the Thames river. What is your administrative and physical cost of operating the dam. Have you those figures with you?

Mayor RYAN: We have a commission, sir, set up to operate the dam. There are only very normal honorariums to any members of the commission; but we have one paid individual who lives right at the dam and who hires any help that is required and takes care of all the available records and data and so on. The cost of the dam from now on will be pretty small to the interested municipalities or the municipalities forming the Grand river conservation scheme. It is anticipated that additional revenue will be derived from power rights now on the Grand river. In the summer-time when the flow of the Grand river got down to practically nothing these mills that were using water power would have to turn to electric power. They will have a more or less steady uniform flow throughout the summer. Last summer we had an enormous storage of water all summer but you must remember that that was a wet summer. We might come to a dry summer and we might not have as good a year as we had last year. That is problematical; but the conservation scheme this year proved that the theory was right and we now have to go further with it.

Mr. MACNICOL: It saves you a lot of possible flood losses?

Mayor RYAN: Flood losses, absolutely, sir. We have no sewage disposal plant in our community and we were getting into a lot of trouble with the health authorities. By the increased flow we have more or less relieved that condition.

Mr. Ross (*Middlesex*): The cost of operations are very, very low.

Mayor RYAN: They are very, very low. We anticipate that with reforestation after a period of years that that will be a continuing revenue project item of the Grand river conservation scheme.

Mr. MOONEY: Mr. Chairman, we now come to the little island in the gulf and I call on Mayor Roy Holman of Charlottetown.

Mayor HOLMAN: Mr. Chairman and gentlemen of this most important committee, I personally feel that too much has been said regarding what has been done and not what should be done. It is not my intention to take more than three minutes of your time. I think that should be sufficient for any one of us.

I am pleased that I have had the opportunity of being here to-day as a member of the Dominion Executive and also as president of the union of the municipalities of Prince Edward Island. I have learned something to-day that I have often wondered about. I am going to make a statement fearlessly now. I can quite understand in your House of Commons that the smaller communities have been forgotten because so much time is taken up by the larger communities to air their grievances and to give their views.

I want to take just a moment of your time to let you know that the housing problem has not been a problem with us. It has been anything else but that, for the simple reason we have not enjoyed the benefits, we will say, if there are benefits, from war or unemployment on account of the war that the larger centres have enjoyed. But we have a program, and most of the plans have been blueprinted years ago and presented to the dominion government and other governments, and they are important to Canada. They will be presented to your committee, Mr. Chairman. And most of our problems are national problems and important not only to our province but important to Canada, as some of you well know. I do think that Mayor Conboy hit the keynote when he said—and I agree with him and I am sure we all do—that we want to know what the dominion government has to offer for the post-war, and at as early a date as possible; then we could make our plans and submit our propositions.

Mr. MACNICOL: You mean financially?

Mayor HOLMAN: Financially. Then we can prepare and submit to your committee or to the government our requests; and they should be designated, as stated by Mr. Mooney in our brief—and I do think that that brief was comprehensive enough without our saying anything further.

Mr. MACNICOL: It is a splendid brief.

Mayor HOLMAN: We feel that it is, but we appreciate the fact that we have had an opportunity of saying a word, and my three minutes are about up. Transportation, gentlemen, has been and is our serious problem in our province (Prince Edward Island), and every one of you must be acquainted with it; and I am just going to leave it at that. So far as employment in a war industry is concerned it is practically nil, very small. Fourteen per cent of our population are in the services. We will probably need housing for some of them, and we pray that most of them will come back. We will have our civic projects. It is not my intention to go on and talk about our city, but we have a fine city and all that. We will have our civic problems, we will have our projects that are purely civic, some that are civic and provincial; but we have outstanding problems that have been brought to governments in the past and blueprints were made and work was started, but stopped owing to the war; and these are post-war projects that are important not only to our little province but to every part of Canada.

It is surprising the food we send to all parts of Canada, and we want to send more; but we must have better transportation and we must have better water facilities; but these are post-war projects.

That is all I intend to say at this time, gentlemen; I thank you for the opportunity of saying a few words.

Mr. MACNICOL: I take it, Mayor Holman, that your post-war program would include the construction of deep water docks for your city?

Mayor HOLMAN: That is exactly what I was leading up to.

Mr. MACNICOL: And would include I hope the complete overhauling of the facilities for crossing the strait, the boats on service there at the present time are very antiquated and entirely too small, when it comes to getting on and off the ships at the Tormentine Docks, and at Borden as well, and the whole program should be overhauled.

Mayor HOLMAN: You are right, sir. That is all in my mind but I hesitate to take any further time now.

Mr. Ross (Calgary): I suppose you have in mind also the subway under the strait?

Mayor HOLMAN: The construction of a causeway would be a post-war project, and a good one.

Mr. MACNICOL: Mr. Chairman, may I at this moment say just a word? Mayor Morrison of Hamilton, Mayor Raynault of Montreal, and Mayor Conboy of Toronto each has presented to us very definite problems that their cities are going to be up against immediately after the war. As I have been sitting here, I have been impressed by what Mayor Morrison and the others have said. Mayor Morrison made a very striking statement, that out of 65,000 in his city now employed in industry from 25,000 to 35,000—if I remember correctly—will be unemployed immediately after the war. That is a statement every member of this committee should keep right before him, Mr. Chairman. These are facts, Mr. Chairman; and I, and all the other members of the committee, realize our great responsibility to do what we can to assist in providing for those vast numbers of men and women who will be unemployed immediately after the war. After the last war I was in a big industry, and I saw a plant employing 925 men reduce its staff within two or three weeks to a total of only 150 men. But I want to say that so far I have not seen anything presented before us yet whereby

that can be taken up immediately, and that is our problem. The municipalities have presented many excellent suggestions. This brief is one of the very best that we have had before us, it is comprehensive; and along with the brief presented by the construction association two or three days ago, and the one we had from the Alberta delegation yesterday, contains excellent and constructive proposals, and gives us much food for thought. The whole broad fact, as has been so forcefully said, in these big cities, is the great number of people who are going to be unemployed immediately after the war.

Mr. MOONEY: Now, Mr. Chairman, it is my pleasure to present to you the mayor of a small Saskatchewan rural area, the Mayor of Estevan, Saskatchewan, Mayor Harry Nicholson.

Mayor NICHOLSON: Mr. Chairman and gentlemen: I represent one of the small towns in the West and we have a few things there which we hope to be able to take care of, and others with which we will need your assistance.

One of the major problems in which we are interested is that of obtaining cheap electrical power, but I do not intend to deal with that at any great length at this time. However, that is a project which could be taken care of with government assistance. In the area I represent, Estevan, and the adjacent cities of Moose Jaw and Regina, there is a population comprising of around 125,000 people. Our little city is located in one of the largest lignite coal fields of North America, certainly the largest in Canada. The mining there is not only carried on by underground methods, but it is also carried on by strip mining, producing a good quality of coal right close to the surface, which not only makes the coal readily accessible for power uses but provides it at a very low cost; as a matter of fact, it can be produced for as little as 50 cents a ton for use by a plant located directly on the field, immediately adjacent to it. As no doubt many of you know, during the last few years very considerable improvements have been made in the steam turbines. So great has been that improvement that the engineers claim that it only takes 25 per cent of the amount of steam to generate a kilowatt hour of electrical energy that was required a few years ago. Combustion engineers have got things down now to the point where it only takes a very small amount of coal to produce a pound of steam. The cities of Regina and Moose Jaw, and also a considerable number of small towns along the line in between would benefit from such a project; particularly the smaller towns and the farms along the transmission line where at the present time they have no power except for the occasional local plant; and at the present time their power costs are relatively high. If such a plant as the one I have referred to could be put up, it would enable the production of power almost on a cost basis comparable to hydro power; as a matter of fact, the engineers claim that a steam plant located at the lignite fields would be able to produce power just as cheaply as, and possibly more cheaply than, it can be produced through a hydro plant. However, that is not essentially an Estevan problem.

As to Estevan, we are ready to go ahead with any post-war work we have. One thing we have in mind is an improvement of our water supply, and that is something we must have. Another thing we have in mind is an irrigation project on the Souris River valley. The development of that project would provide considerable employment and would also take care to quite a large extent of the excess of people in the larger centres of the west. As others have said, a good many people from the west have come down to eastern Canada to get jobs in war industries and so on. This project to which I refer is known as the Souris Canal and Irrigation project. As perhaps you know, the Souris River rises near the United States boundary, 25 or 30 miles above Estevan, and it runs through what is known as the Souris Valley which averages between a mile and a half and two miles in width and extends 35 or 40 miles below

Estevan. There has been a small irrigation project undertaken under P.F.R.A., but without in any way reflecting on the P.F.R.A., because they have done a lot of good work, what we need there is a very much larger dam. The engineers estimate that if a larger dam were placed about ten or twelve miles above Estevan to catch the run off of the spring water down this valley and hold it for irrigation purposes, that instead of the present total of about 80 families who are now living in the adjacent area, 400 families could make a living where each family to-day is just barely getting by. The Souris River goes on a rampage in the spring and we have had cases where even our pumping plant at Estevan has been almost under water several times, because of water in this valley flowing through from bank to bank—and as I said, it is anywhere from a mile to two miles wide and of appreciable depth. If undertaken as a post-war project, there is little question whatever but that such an irrigation project in the Souris Valley would be a success. It would take care of say a thousand families—and using the figure already indicated of five persons to a family, it would provide a living for 5,000 people. It looks as though a considerable number of people will have to be moved from some of the industrial areas to the west, and that a good many of the people who will be coming back from the armed services will have to have a place to live. I am sure many of them would be glad to get back with us.

I do not know that I have anything else to offer. We have nothing in the way of figures except the P.F.R.A. report on the Souris Valley project which is available; and also, some of the power companies have figures on the cost of a large power plant situated in the coal fields.

I think that is all I have to say. Thank you.

MR. MOONEY: Mr. Chairman, may I now present to this committee Mayor Edward Wilson of Verdun, one of the suburbs which together make up the metropolis of Montreal.

MAYOR WILSON: Mr. Chairman and gentlemen, I represent a city which has no industry and I am not going to be very long. I think that all I might have said has been very ably said by others, and by my good friend, Mr. MacNicoll. We have a program, we of the municipalities each have a program of our own, but taken by themselves they are not very interesting. There is one thing sure, one of these fine mornings, and we hope that it may be very soon, we will find ourselves faced with the same problem which we had just a few years ago immediately following the last war. What are we going to do about it? We will have the same situation we had before, people coming to us mayors and saying we have no job, we have no money, what are we going to do?

I think the suggestions which have been made by my colleagues of the federation, particularly those advanced by Mayor Morrison and Mayor Conboy, are very excellent. But the whole question in the situation is, who is going to run the show? They said it is important that we should know the position of the federal government so that immediately the time comes we will all be ready, and we will be able to avoid the unfortunate experience which we went through a few years ago. In our city we have a population of 70,000 now, and it is not likely to grow very much more. We have no industries, and we have very little trouble except of course, where you have some slum clearances or something of that kind. But the anxiety which I have is the anxiety to which I referred; we are going to have these shops closing and people are going to be out of jobs and they are going to come to us as mayors and say again: what are you going to do about it; we haven't those jobs and we have no money. That is our problem, as I see it.

Thank you.

MR. MOONEY: Mr. Chairman, may I now present to you the representative of another western city, Mayor S. N. MacEachern of Saskatoon.

Mayor MAC EACHERN: Mr. Chairman and gentlemen; we have no problems in Saskatoon such as they have in some of the municipalities whose mayors have already spoken. Possibly our problems are more similar to the problems of Verdun than they are to cities such as Hamilton, Toronto, Montreal or the other industrial centres of the east. Our city is a small one, and has about 45,000 population. Our population to-day is very much the same as it was in 1939. Many of our younger citizens have left us to join the armed forces or to go to the industrial centers of the east and take their part in essential industry. Those who have gone have been replaced by others who came in to take to some extent the places they occupied before they left and because they were associated with some of the military air schools and military service schools in and around our city.

But naturally we are very anxious to get these people back, because if there is one thing that we in western Canada need to be able to take care of our overhead it is a larger population than we have at present; and we certainly want our citizens to come back from Toronto and from the other industrial centres of the east when the war is over. I do not think that we can attract them back if the only employment we are going to be able to give them is employment on the farm, or employment such as they had before they left. They too have become somewhat industrialized in themselves since they have been in the industrial east during the three or four years they have been away from us; and naturally when they come back they want to get back into industry in western Canada. And that is the first point I want to make, it is this: that we in western Canada feel very keenly that we should have had the type of industry in western Canada that will process the raw materials of western Canada into the products which will be used largely in western Canada. We think that it is false economy to ship the raw materials of western Canada down to eastern Canada, process them there and then send the product back for consumption in western Canada. The industries I have in mind are industries such as the woollen industry, tanneries, shoe manufacturing, the flax scutching industry—that is a new industry. We have the raw materials for all these, only to mention a few, and we feel that there should be some industries set up for the purpose of manufacturing these raw materials. And I am satisfied from the information that I have been gathering over the last two or three years, we are not going to get these industries in western Canada if we have to wait on private finance to supply the funds to establish these industries out there.

I think the federal government should set up a financial agency somewhat similar to the Reconstruction Finance Corporation in the United States whose duty would be to supply financial aid for the purpose of setting up these industries in western Canada which would take care of the raw materials we produce there. That is the only point I wish to make. Others who have spoken have referred to their local projects and programs.

We too have a program in Saskatoon and I have it here. We have an eight-million dollar program—four and a half million dollars of that will be for the purpose of putting in a gas installation in the city of Saskatoon; and the company who is to furnish us with that is prepared to go ahead as soon as the materials become available. But, as Mayor Morrison said, I do not imagine that the companies who ordinarily supply the machines and materials for a project of that kind will be in a position to deliver to us immediately the war ends the equipment we will need, it is more than likely that it will not become available until several months after the war is over. However, it will provide some opportunity for employment in the immediate post-war period. It will help to take care of some of the unemployment that will result because of the termination of the war.

And, may I say, while MacNicol is in front of me here, that I hope one of the recommendations of this committee to the government will be the develop-

ment of the irrigation project on the north Saskatchewan River, because I am satisfied that it will provide work for thousands of these individuals who will be returning after the war.

Mr. MACNICOL: That development at Fort a la Corne Dam, for which plans and specifications have been prepared by one of our most outstanding engineers, will produce about 125,000 horsepower, and at the same time it will provide necessary storage of water if coupled with other reservoirs further west. If that were proceeded with, would not the fact that power would be available from that project assist your city in attracting industries, such as the ones to which you have referred, and give work to your boys and girls who are doing such a fine job overseas?

Mr. McDONALD (*Pontiac*): Might I supplement that question by asking another one? What is your present power?

Mayor MACEACHERN: The only power we have is that generated by the use of coal, and the coal has to be drawn in from the Drumheller area in Alberta.

Mr. MACNICOL: About 35,000 or 40,000 horse-power.

Mayor MACEACHERN: That is about all.

The WITNESS: Mr. Chairman, the mayor of Saint John, New Brunswick, Mr. C. R. Wasson.

Mayor WASSON: I regret that I was unable to attend the meeting earlier. We were sitting with our provincial committee on post-war reconstruction on Thursday of this week. We thought it was most important that we hear them and speak to them. In Saint John our needs are immediate as well as post-war. We have plans ready now so that we can call for tenders within three days to the extent of \$2,000,000 on water and sewage services and street extensions. Our committee on post-war reconstruction has been in session since last February studying this plan. We have projected schemes which would cost at least \$8,000,000 and can be projected over a period of ten years and which should be made ready very quickly. Our main industry in Saint John is ships. I know that the National Harbour Board has in mind and has plans ready to proceed with some dock work there and the improvement of harbour facilities. Plans have been in readiness for some time for a harbour bridge. Those are all ready to go on. We feel like one of the other speakers, and as expressed in the brief, that whatever the federal policy may be with respect to the financing of local public works it is important and imperative that a statement be made at an early date. What we are waiting for is a lead. We want to know how we are going to work. All this difficult engineering is going to cost money. We do not want to spend money on it until we know where we are going and how we are going to get the funds to finance it. I am not going to take any of your time to enumerate any further projects. We have schools, playgrounds and housing projects. We are on housing right at the moment. We can spend any amount of money up to \$10,000,000 in Saint John.

With regard to our community there are problems there which concern us in the post-war period. One of them is a problem that is worrying us. There may be a large amount of money appropriated for our area and yet we may not get very much benefit out of that expenditure. The materials that will be required will be purchased in some other area of Canada. We think that particular study should be given to that problem as to whether the money is going to be distributed and spent for the benefit of one community at the expense of another so that one will become wealthier and the other will become poorer.

We have another matter of concern with regard to income tax. We believe it should be collected by the federal authority and distributed to provincial and other municipal bodies and not just the amount that we should collect. We in

the east, as was pointed out in many of the representations that were put before the Sirois Commission, know that we are a depressed area. Yet we are a part of Canada and we must all go along together. We think that is worthy of discussion by this committee and should be worked out as federal policy whether we will all be in the one body and going along together, but I can assure you, Mr. Chairman, we could go to work to-morrow on a program that would employ men and cover ten years, at least. Many of our problems are pressing. We should be at them now. We are at some of them.

The WITNESS: Mayor Merrill of Westmount.

Mayor MERRILL: Perhaps I might sum up for the committee what I have drawn from the meeting to-day in a few words. It has been said at one time, and I believe it is true, that the mayors of municipalities and reeves are perhaps closer to the people than even members of parliament because we know what they have in their minds and what the communities require. It seems after all the discussion this morning the outstanding things that should be done are first of all to take care of the immediate question of unemployment. The second thing is financing. It is all very well to ask us to make plans but we must know where we can get the money, even those of us whose credit is good, in the event that we are required to carry out the plans which most of us have made. The third, and I think personally the most important thing, is that the committee which is sitting should carefully consider a recommendation to parliament that a ministry be set up for post-war reconstruction so that, as has been said many times, we know to whom and where we can go, before whom we can lay our problems and get an answer. Thank you.

The WITNESS: Mr. Chairman, we have left to the last, the capital city of Canada, Ottawa, Mayor Lewis. I hope that is not indicative of anything.

Mayor LEWIS: Mr. Chairman and members of the parliamentary committee: I do not think I should say anything to this committee and Members of Parliament about Ottawa. I think they know more about it or assume to know more about it than I do myself, but I should like possibly to talk more on the broad view of the brief. You can see after listening here today that if you bring every representative of every municipality before this committee you would be listening to local problems. In presenting our brief I think we tried to present to you the broad outlook of the Canadian cities and municipalities through the country.

After reading the papers and listening to the radio one is led to believe that we are going to go out of the war into peace like changing from one radio station to another on our radio set. I do not think we should be so foolish. Around this table here are members of municipal governments who have been in office as long as I have. We were in office during the last depression. What we are concerned about now is that we are not going to have this aimless wandering around through the country by men looking for work.

In my own city, which is practically 100 per cent white collar jobs, employees of the government, the government will be the responsible party if these people are out of work in this city, but I am concerned about the whole aspect out through the country.

We must be realistic about this thing. In our cities we have our local problems, our minor repairs, our ordinary work we do every year. We have some permissive legislation to do certain things but there are other things on which we must secure a vote of the ratepayers. That is what your committee want to realize in the presentation of the municipalities' plea for post war reconstruction work. I am talking about the province of Ontario, and unless the legislation is changed a vote of the local ratepayers will have to be secured before any large expenditure of money takes place in the different cities and towns in the province of Ontario. What we do need, as previously mentioned, is a master plan so that

we are not going to have competition between different provinces and different towns and cities for the type of work we should have done. Unless we do that then we are in chaos in no uncertain way. I think the government must announce a master plan in which no dislocation will take place as in the movement of men from one centre of Canada to another to secure work, but by setting up the different types of work, not like it was before when we only dug sewers and did that type of construction work because the type of man that is going to be out of work this time is going to be a little different. He is going to be technically trained in the factories, both men and women. After reading all the reports of all the different organizations as to all the different types of work that are going to be attempted by private industry and everything else, and possibly after you gentlemen listening to us here presenting our views, you may think that possibly the federal government will not have to do anything, but do not believe it. You are going to have to show leadership. I think you should present this master plan in terms to be dealt with by the provinces, because after all you people are wise enough to know that we cannot come to you as a municipality. We must go to our province. At the present time the province of Ontario has asked and has been furnished to a great extent, I think, with proposed works that will have to be done in the province of Ontario. The city of Ottawa will be prepared to carry out work that we think is necessary affecting the local taxpayer, but I do not think that you gentlemen should ever have in your minds that the local taxpayer—I am talking about the real estate taxpayer—should be burdened with post-war work which is not primarily something in his own city.

Mr. Chairman, there is no use of my going further. I think the whole thing has been fairly well reviewed. I think the municipalities as represented here to-day in this organization are prepared to assist your committee in every possible way as I told you when you first got in touch with me last year. I think each municipality in its respective province will carry on and work in co-operation with its province because that is the only way we can act, but let us get down to a basis so that we know from where we are starting and then let us chart our course from then on. I think we will all get out of trouble thereby.

The CHAIRMAN: Are there any further questions from any of the members?

Mr. MACNICAL: I should like to ask Mayor Lewis a question. The federal government makes a contribution—I believe it is \$200,000—from our treasury to Ottawa for the services supplied by the city.

Mayor LEWIS: No, \$100,000.

Mr. MACNICAL: I thought we increased it.

Mayor LEWIS: I wish you would.

Mr. MACNICAL: That does not begin to compensate the city of Ottawa for the cost, or does it?

Mayor LEWIS: I would hate at this particular time to enter into the merits of the contribution from the dominion government to the city of Ottawa, but for the benefit of the members of parliament who are here and who will not think I am trying to hit them below the belt, I may say that the confiscation, as I would put it, of tax property in the city of Ottawa is all out of proportion, and that anything we receive from the dominion government is also all out of proportion for the services rendered.

Mr. MACNICAL: I agree, and in like manner I feel that in great cities such as Montreal and Toronto, and in other cities proportionately, where the federal government has large properties, that they should be compensated too for what it costs the city to supply them with the services received from the city.

Mayor LLOYD: I trust Halifax is included in those cities.

The CHAIRMAN: Since there are no further questions I wish on behalf of the committee, and for myself as chairman, to express our appreciation to Mayor Raynault, and all others who are associated with him in the preparation and presentation of this brief. I spoke to Mayor Lewis some time last summer. I had in mind what the members of the committee have in mind, that this House of Commons committee wants to get as close to the people as it is possible to do so in the securing of these reports which create impressions on us and which give us certain practical suggestions to work on. We are having the governments of the various provinces. We have had municipal representatives. We have had labour unions. We have had, so far as it is possible to do so, those people who are close to the every-day run of life in Canada and who are representative of all geographic districts of Canada. You have come here to-day from Halifax to Edmonton. I do not think you quite got to Vancouver.

Mr. MACNICOL: You represent Vancouver.

The CHAIRMAN: But you have brought a good expression of public opinion. There were certain things outstanding in your brief; first, for immediate action, secondly for financial assistance and guidance, and thirdly, for housing generally, and in addition there are many other things that we can take from your brief. I want to express to you, Mr. Mayor, the deep appreciation of the members of this committee who represent all Canada as Canada is represented in the House of Commons. I thank you for having come here to-day.

Mayor RAYNAULT: Mr. Chairman, on behalf of my colleagues I should like to thank you for the courtesy you have shown us. We have enjoyed being here this morning and having an opportunity to express our points of view. Thank you very much.

Reeve WARREN: What shall we do with this program of public works which we have at the present time; just hold everything until we get some direction?

The CHAIRMAN: I think possibly you should hold them until you get direction through the creation of some governmental body. If you like you can send them here and we will do the best we can with them, if you so desire. We will meet Monday morning at 10 o'clock.

The committee adjourned at 1.05 p.m. to meet again Monday, November 29, at 10 o'clock a.m.

Canadian Reconstruction and Re-establishment
Special Session, 1943/44

SESSION 1943

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 32

MONDAY, NOVEMBER 29, 1943

WITNESS:

Lt.-Col. Wilfrid Bovey, O.B.E., Chairman of the National Committee
on Education, Canadian Legion Educational Services

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

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MINUTES OF PROCEEDINGS

MONDAY, November 29, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10.00 o'clock, a.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present: Messrs. Bence, Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Eudes, Ferron, Gillis, Hill, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Martin, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin, and White.—24.

Lt.-Col. Wilfrid Bovey, O.B.E., Chairman of the National Committee on Education, Canadian Legion Educational Services, was called. He presented a brief, was examined and retired.

The Chairman announced that the Steering committee would meet this afternoon at 3.00 o'clock, p.m.

The Committee adjourned at 11.50 a.m. to meet again Tuesday, November 30, at 10.00 o'clock, a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
November 29th, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: We have with us this morning Lt.-Col. Wilfrid Bovey. Col. Bovey, O.B.E., is here as chairman of the National Committee on Education of the Canadian Legion Educational Services. In addition to that he is director of extension courses of McGill University and is a member of the Economic Advisory Council of Quebec province. He is going to give us a brief to-day on education and its relation to men discharged from the armed forces, and people released from war industries in the skilled trades so that they will be in a position to face work of a skilled nature all across Canada. Education naturally is somewhat of a delicate question when you cross boundary lines, but I know that Col. Bovey has given that every consideration as well as the other features of the proposal that he wishes to make to us. Will you proceed now, Col. Bovey?

Lieut.-Colonel WILFRID BOVEY, called.

The WITNESS: Thanks very much, Mr. Chairman. I have had quite enough in our own parliamentary committees.

The CHAIRMAN: I forgot to say that Col. Bovey is a member of the legislative council of the province of Quebec.

The WITNESS: I thank you very much for this opportunity of expressing certain views concerning education affecting all adult personnel dislocated by the end of the war. I should like to say in preface that I do not offer you any complete scheme. I doubt if one brain could do that or if it could have been done in the time which has been available for preparation. I should also like to say that while I am drawing on experience and study there are doubtless a great many others who have as good or better plans in their minds.

I must add that the scheme which I shall offer you is far from entirely original. It is only an extension of the plan worked out in the Department of Pensions and National Health under the guidance of Mr. Walter Woods, to whom I should like to offer him the tribute of the Canadian Legion Educational Services, together with a project for putting the whole into early operation in spite of certain apparent difficulties.

The action which I should like to suggest to you, or some similar action, appears necessary for several reasons of which some affect primarily the state as a whole some affect primarily the individuals who compose the state. You cannot make the distinction absolute because what is good for the state is good for individuals and vice versa.

First of all let us think of national economies. We are told that in order to avoid depression our national income, now eight and one-half billion dollars, should not, after the war, be less than seven and one-half billion dollars. If this objective is to be attained we must have a population which is intelligent enough and well enough trained to be almost 100 per cent efficient and which is also willing to work at high pressure. To have such a population we must give the people all the education—and in that word I include vocational training—that they need. As to the measure of that need I would like to speak later. Let me add now that this education, again speaking from the national point of view, must be on all levels. We have in Canada thousands of adult

illiterates—I do not know the numbers. We have thousands of men and women whose education has reached a certain point but is not nearly adequate for citizens of this post-war Canada which is to earn seven and one-half billion dollars a year. We have a lamentable shortage of the professional men and women who will have to provide for our more advanced communities. And of trained community leaders, members of a group fast becoming a profession and essential to any reconstruction plan involving the setting up of new communities, we have next to none. What are we going to do about it?

Last but not least, under the head of national economics this educational activity will represent an important reconstruction project. I shall venture later to suggest some figures. It will give immediate empolment to many ex-service teachers, to a large subordinate staff and tens of thousands of students. You can, if you like, think of it and I have thought of it myself as an insurance against employment slack. I hope with the Hon. Mr. Howe that this is unnecessary, in any case it is economically wrong; the scheme really represents a temporary reconstruction project which will disappear automatically as its work is completed and its personnel absorbed.

Secondly, let us think of national security. As any new section of our electorate becomes capable of understanding, of being able to form conclusions and express its thoughts it conquers the infuriating handicap of being unable to explain its needs adequately. If the boiler can blow off steam it will not burst. Our present franchise is probably as wide as it need be but by no means all who have votes are able to contribute much to or even to understand the problems of the legislator. If we are to have more intelligent and useful voters we must give them more education. This is not mere theory. Experience in Britain has shown that education actually does broaden the democratic basis by bringing to labour and vocational groups an importance in the general scheme of government on a par with that of groups in higher financial brackets. The general principle of security through education may be expressed as follows: Democracy depends for its continued life on the continuous widening of its human basis. In other words the number of intelligent and active electors must be continually increasing in relation to the whole population. The moment any controlling element becomes static a subtle change in the character of government seems to take place and highly dangerous strains and stresses are set up. In order that the total of intelligent and active electors may increase now we need a great deal more education than is at present available.

Third, as regards the individuals affected it seems to me that the duty of the state is perfectly clear. A very large number of young men and women have been placed in employment which offers them no future. They are in dead end jobs. A large proportion hope for and a larger proportion need re-education and re-orientation. The federal government has recognized its responsibility towards service personnel in the Post Discharge Re-establishment order. But that is only part of our constituency. Tens of thousands who have been working in munitions are in the same case—and when you think of it many of them deserve the same consideration. Take for instance a non-commissioned officer in the Ordnance who may or may not have been out of Canada and a lead hand in a gun factory. Compare young women in the W.R.C.N.S. or C.W.A.C. or W.D. of the R.C.A.F. with munition or other war workers of the same age. Under normal conditions most of them want to marry yet the first group may get free instruction in domestic science and hygiene and the second at present cannot. This you will see implies a plea that all young Canadians who have been placed in abnormal occupations by reason of a national emergency be given the same privileges. I might say that I do not think they all do deserve alike but we must consider also the national good and we must remember that we have been fighting for the certainty of equal

opportunity as much as for anything else. Let me say now that in all this planning one great principle to me will be to look only forward and never back. Whatever any man or woman has done or left undone need not be considered, from the national point of view. He or she is one part of a great machine and must be made suitable for its work so far as possible.

There are two subsidiary principles derived from the last. First, any educational privileges granted must aim at preparing a man or woman for a definite job, second, they must be limited to the capacity of the subject.

The application of these principles will mean the setting up of a broad scheme of vocational guidance and the use of tests intended to determine ability to learn. The machinery already existing in the armed services can readily be converted to this purpose.

In case of any misunderstanding I should make one supplementary statement. This scheme is not in any way intended to replace or supplement the work carried on in the armed forces by the directorates of education. This work will be needed until all troops are demobilized. I do not say until the end of the war because the war cannot end like the last war with an armistice, there will be no governments for a long time with which we can deal; even after that we shall still need armed services. After the business of fighting becomes less pressing the business of education among the forces will take more and more time, and those Navy, Army and Air Force Directorates will have to handle it.

So much then for the general objectives of any emergency educational plan and the general principles governing its operation; now let me turn to two questions of which I am sure you have been thinking.

First, how real is the need? How serious is the situation? The situation is very bad. When the C.L.E.S. began their work it was found that tens of thousands of our soldiers had left school too soon and too long ago. They could not even become good soldiers; thousands were quite illiterate. The C.L.E.S. began the teaching of illiterates, later the Army took it over but the condition is a continuing one. You need not blame the provincial educational systems, they have done all they could with the funds they have been given. The main cause is somewhere deep in our economic set-up. In almost every case a boy or girl questioned turns out to have left school because of family necessity. Let me however give you a few specific points and cases. The average soldier has no better than a sixth grade education. The average of other ranks in all services is probably below elementary school leaving. These two statements take account of the fact that through Service and C.L.E.S. facilities thousands have been upgraded.

A soldier going on leave from the Maritimes was asked by his padre where he was going. He said, "I am going to Canada." The officer said, "But are you not in Canada?" The soldier said no, he was in a foreign country. A staff sergeant in a certain formation could not read or write. A class was asked "What is Japan?" There was dead silence until one man said, "An Island in the Mediterranean." He was fifty per cent right.

A munition worker said, "You might as well be under Hitler." He was really talking about plant regulations but he could not see the difference.

Seven hundred and fifty thousand is the figure quoted by the *Reader's Digest* as the number of American army rejections for illiteracy. I do not believe our proportion of illiterates to be so high but it is high enough.

Mr. CASTLEDEN: Are our standards as high?

The WITNESS: Higher, I should think.

Those, Mr. Chairman, are some of the reasons which caused the setting up of the Canadian Legion Educational Services. Their primary objective was to give as many men and women as possible enough general education to make them good subjects for the professional training of the Navy, Army and Air Force.

A second query which must be answered is whose is the responsibility, (and this is one which I think the Chairman had in mind when he introduced me; whose is the responsibility?) where does the federal government come in and where do the provinces come in? I do not want to get into an argument over the B.N.A. Act, I doubt whether its framers ever contemplated the problems of adult education or national educational emergency. I do very firmly believe that the administration of any such educational plan as I suggest must be decentralized and the responsibility left to the provinces. There are three reasons, any of which is sufficient.

One, a great part of the work to be done lies in the field of elementary and high school education. Whether or not the provinces possess the necessary physical facilities—buildings and so forth—they do possess the experience and the administrative machinery and they have the right to grant credits.

Two, most of the activities for which men and women must be trained are within the scope of provincial legislatures. I need only mention such subjects as road-building, community planning, the establishment of co-operatives, forest conservation, hydro-electric developments, work in milk products and other agricultural products. Many others might be added.

Three, the scheme like all our other reconstruction plans will need all the experience, enterprise and energy that all our governments can bring to it. As regards the financial responsibility the situation is I think quite different, again for three reasons. One, the scheme primarily aims at the maintenance of national stability and security. Two, the action proposed is suggested as an emergency project to meet an emergency arising from other national action. Three, if the provinces have any funds for further educational projects the report of the Canada-Newfoundland Educational Association Committee on Canadian educational needs shows very clearly that they have more than enough to do in raising the educational level of the younger generation. We do not want the future to find us in the condition which I have briefly described above.

For all these reasons I believe the responsibility for provision of funds and assistance in general planning rests with Federal authorities.

May I remark here that the success which has attended the work of the C.L.E.S. has been due not only to the directors of education of the forces and to the ex-service men interested but to the co-operation of the provincial departments of education with whose help we have been able to set up a real inter-provincial system of school texts on all sorts of subjects. The text book material for the suggested plan is thus already in operation. It would be necessary to have the approval of provincial governments for its use on a wider scale. (I might observe in parentheses that these special texts can also be and are used for correspondence instruction.)

It seems proper to continue here and suggest a framework for administration. I really believe that in the C.L.E.S. we have a model framework which could be adopted and used in a far larger field perhaps under different leadership and auspices. We have a central national committee on which are represented the federal departments principally concerned as well as the armed services, the Canadian Association for Adult Education, Canada-Newfoundland Education Association and Canadian Legion. There are provincial committees on which are represented the provincial departments interested as well as the armed services and educational groups. The actual work is done by the provincial committees, the National Committee only exercises a general control. You will see very readily that with such an organization in operation there has never been any question of interference with provincial rights and there need be no such fear in the future if adequate care is taken.

I should like to mention one factor which stems directly from the remark I just made as to the co-operation of provincial governments not only in reconstruction works but in training personnel for service in such reconstruction works. The C.L.E.S. with the help of special representatives from federal departments have prepared a set of rehabilitation courses in basic industries, forestry, farming, fishing, mining and are working at one or two more. These are all available and some are even now being used by our provincial committees. I might add that these courses are meant for men who come from forest, agricultural, fishing or mining areas respectively and not for would-be newcomers into these activities.

The next points we must consider are the size of the constituency and at what times and places and by what methods it can be handled—let me call these questions Who? When? Where? How?

Who? If we take the answers of service men we find that when questioned 40 per cent or thereabouts wanted some further vocational training. This gives us a not unreasonable figure of say 320,000 possible students. Let us take a much smaller proportion of civilian war workers, and say 120,000, giving a potential group of 440,000.

To be conservative let us provide for only three-quarters of this total, assuming that if we have more we shall be able to handle them with the same facilities and personnel; this gives say 330,000. It is calculated that about 30,000 of these will want university facilities.

When? Here I should like to raise a point which I do not think has been considered. The post discharge re-establishment order was based on the assumption that the beneficiaries would be studying by day and must be supported. I believe it to be of the utmost importance that any possible contribution to the cost of their own education be made by the beneficiaries themselves. Furthermore, I believe that a very large number of those who will want education will be men who have reached such an economic position and undertaken such responsibilities that they cannot well exist with their families on the proposed government allowances. What is more I think that they will be able to get jobs. I suggest therefore that of our 300,000 those twenty-two and over, about one half of the total, will study in the evenings. This will enable all educational plants to be used to full capacity.

Where? Here there is a very real problem. I have been told by the authorities of three provinces that by reason of lack of room and lack of staff no such large group can be absorbed by present provincial facilities. Moreover I know from my own experience that adults cannot work efficiently in rooms designed for children, (they cannot get their knees under the desks), and generally they are poorly equipped for night work. I do not intend to give a definite answer to this query because I need much more information but I believe plans could be made for the use of the magnificent facilities now in the hands of the armed services. I understand that a survey of these is now under way. What can be done for the University students I do not know and the situation needs a great deal of study.

How? It is quite obvious that present school staffs cannot handle the work. They are not trained for it, they have no time and most of them are much too young. Mr. T. E. McMaster, Executive Secretary of the C.L.E.S., has recently suggested that as soon as they can be released all available teachers in the armed services be given intensive brushing up courses and acquainted with orientation methods. This will provide a large staff. Lumping the university students and others together the minimum number of teachers needed to do a good job would be at least 6,500; adding supervisory staff would bring this to say 7,500. I should like to make one suggestion. The authorities controlling this scheme must be

predominantly civilian in essence. The committee should include representatives of labour as well as of employers. The active head should be a man of considerable experience in the educational field with a very broad knowledge of Canadian conditions and much energy. This is no task to be handed to a man just because he has done one job fairly well and is out of employment for the same reason as his students.

Now we come to the final question of cost. It is obviously impossible to do much more than guess at this stage, but I have checked my own guesses with others whose opinion I value more than my own. Here they are:

ANNUAL COST OF PLAN IN FULL OPERATION

Maintenance—

150,000 students at mean of married and unmarried rates under Post Discharge Re-establishment Order, say \$600.00 per annum \$ 90,000,000.00
 (N.B.—This figure would include maintenance and cost of operation of any property used as residences. It is assumed that the balance of 180,000 will maintain themselves.)

<i>Salaries</i> —7,500 staff at \$3,000.00	22,500,000.00
<i>Rentals</i> —Maintenance light, heat and power, water, service for teaching space. 330,000 x 15 sq. ft. at \$1.00, say.....	4,950,000.00
<i>Books and library service</i>	7,500,000.00
Controls and incidentals 20% of above.....	24,500,000.00

\$149,450,000.00

I might say that the present order does not provide for books, and that has turned out to be a very serious problem among the young men studying under it. The estimate includes all fees payable by all students since these are covered by the above figures.

That is, if you pay for rentals and if you pay the cost of teachers there is nothing left for the students to pay for themselves.

I am assuming that existing navy, army and air force equipment will be adequate for all the needs of vocational training.

I have a feeling that the total is low. I have been told that a similar calculation for the needs of the U.S.A. was \$2,000,000,000 and on this basis we should count on spending about \$172,000,000, so further study might increase my figures. If, on the other hand the sum seems considerable to some I might remind you that the federal share alone of the cost of relief to last war veterans was over \$300,000,000. I might further remind you that the Post Discharge Re-Establishment Order already commits us to a large proportion of the expense.

Reverting to my remarks as to evening study I might point out that space is thus economized but that owing to wear and tear you cannot save much but space. For that reason the rentals charge is not reduced. The first figure however, maintenance, is less than 50 per cent of what it would be were all study to be carried on by persons being maintained at Government cost.

The average period of study would likely be two years.

It seems probable, however, that the operation of the scheme will not be complete in two years as the period of change-over will be much longer. Part of the scheme should be commenced at once by reason of partial demobilizations and industrial layoffs. So far as I can see—I speak subject to correction—the total cumulative cost to the country will be about the same whether it lasts two years or ten, provided that the numbers be as suggested and that the average period of study be not increased.

To sum up very briefly, Mr. Chairman, I suggest the immediate adoption of a broad adult educational scheme as a national reconstruction project. I suggest it in the interests primarily of national prosperity and national security, in the interests in the second place of all who are now in dead-end jobs. The system would be operated by provincially organized committees using existing facilities and buildings made available by the ending of the war, and under the general

guidance and financed through a national committee. I believe that this plan combined with the adoption of the educational requirements suggested by the Canada-Newfoundland Educational Association would start the country off on the right foot on the way to prosperity and happiness.

The CHAIRMAN: Thank you, Colonel Bovey; we have heard a brief that at least is interesting and perhaps a little staggering. It certainly is well worthy of very serious consideration. The meeting is now open for questions. You have opened a broad field of questioning. I am sure that the members will take advantage of the opportunity provided for questioning. Mr. Hill, will you kindly act for a few moments? I must go out.

Mr. B. M. Hill presides as Deputy Chairman.

By Mr. Castleden:

Q. There is one thing that I should like to ask. It seems to me in the whole of the presentation submitted to us here this morning there is ample evidence of the fact that education is a national problem, that the education of the people of Canada as a whole is quite inadequate to meet modern needs, and if we, as a nation, intend to maintain our place in the scale of peoples we can scarcely expect to do so with a continuance of educational facilities as they have been in the past. With that in mind I was surprised to find that the attack of the problem was all on the basis that it was sort of a temporary matter. It seems to me that we must have something on a large and wide national scale with a broad outlook, something reaching into a plan that will help everyone, that Canada will have to attack on a large scale with a broad view and be willing to lay a basis now for a scheme that will make Canada forever one of the leaders among nations. There are other nations who are going to leave us far behind if we do not.

The DEPUTY CHAIRMAN: I think probably Colonel Bovey's brief is really just to tide over the readjustment period of the soldiers, and that he is leaving it up to the government to provide a permanent educational plan along with that.

The WITNESS: I did not want to involve myself in that question for the reason that the Canada-Newfoundland Educational Association had already set up a committee to consider the general problem of Canadian education in the future. I may say that I agree entirely with what was said, but if by taking care of the needs of the ex-service men and the ex-munition workers, most of whom have had their education interrupted, we can get over to a certain extent the results of our previous failure—because we have made a failure, as you say—then the proposal of the Canada-Newfoundland Educational Association would take care of the future if it is carried out in its present form or if implemented. I am inclined to think that we will probably have to implement it. I think we must have, as you say, a very big educational scheme, but this is purely a reconstruction period plan to look after a certain specific group.

By Mr. Castleden:

Q. Your intention is this, that this being a sort of specialized job our efforts then, you would agree, would be to tie this in with the larger educational work that is proposed?—A. Certainly.

Q. Have any arrangements been made in co-operation with these people with regard to the actual plan, with regard to co-operation and planning of a proper staff?—A. No one has heard of this plan before.

The Deputy CHAIRMAN: I must admit when Colonel Bovey was speaking the same thing appealed to me. After the last war we had a certain amount of vocational training set up, but it was only a temporary effort. It appeared to me that these buildings should be so located and permanently built that they could, as you say, be used after the war to carry out a permanent scheme of education.

Mr. CASTLEDEN: It seems to me it must be evident we have not got these permanent facilities now, and the problem is immediate. The use of these army camps, and so forth, will serve a very splendid purpose in this particular scheme.

The WITNESS: I can think, for instance, Mr. Chairman, of one building in Montreal, a large building which certainly is semi-permanent and which will almost certainly be vacated and which could be used magnificently as a first-class vocational school.

By Mr. Castleden:

Q. What is the capacity for the housing of the present armed forces we have in Canada?—A. That is the survey that is being carried out, I understand, by Dr. Weir for the Department of Pensions and National Health to find out exactly which of these buildings could be used and what they will hold. I could not tell you what the total capacity is.

By Mr. MacNicol:

Q. Colonel Bovey, you made a statement that 750,000 of the American armed forces are illiterate?—A. That is the figure that I took from the Literary Digest. I said that it was quoted by the Literary Digest.

Q. What size army have they?—A. They are figuring, you see, on somewhere up to ten times that now. I am not sure of that.

Q. You said that our percentage of illiterates is less?—A. I say I hope it is less. I do not know because you see that is the percentage of rejections. Their system is different. They have been using the draft and it does not at all follow that you can make the two cases parallel. I do not think that our percentage could be as large as that myself, but I do not know what it is. Nobody knows except the service authorities.

Q. As far as I can see the very finest of our men have been volunteering in this country. All our Air Force men have to be senior matriculation men?—A. Only pilots.

Q. Yes, and the observers must be well educated, too?—A. Only the air crew, I mean to say. It is not a big percentage of the Air Force. It is about 20 per cent.

Mr. GILLIS: I think I heard the Hon. Mr. Power say in the House that it was 10 per cent.

The WITNESS: Perhaps that is pilots. I think it is 20 per cent.

Mr. MACNICOL: Following the last war we had vocational schools and in due course the federal government in association with local governments went into technical education to try and take up a lot of the slack. Very few of the provinces made any attempt whatever in any big way to have technical schools. I think we did in Ontario perhaps more than anywhere else. After the war these technical schools and vocational schools will still be available.

The WITNESS: Yes, they are available now, but we are going to run into some trouble. They are filled with the oncoming generation which they are used for now, and they will not be able to take in this new and very large group. There is, moreover, a great rush of young people for evening facilities in the universities which is taking up a large proportion of the available evening space in the universities. At McGill, for instance, we have as many evening students as we have day students. I do not know what the proportion is in other institutions.

By Mr. MacNicol:

Q. There is another question. Your plan envisages taking care of large numbers of those now employed in industry, in other words, civilians?—A. Yes.

Q. All of those at the present time are under fairly good wages?—A. Yes.

Q. I am not saying they are too high or too low but they are pretty good as far as my knowledge of wages goes. Perhaps they should be better under the

circumstances. On Saturday we had a submission from the mayors of the country. The municipal authorities will be the first organizations of society to meet the impact. Everybody admits that. The Mayor of Hamilton, than whom no one is more qualified to express an opinion, having always been a very strong labour man, although a lawyer—I think he worked at labour instead of law mostly—made a statement that they have at the present time 65,000 men and women working in industries in Hamilton, munition plants. I believe he said that the first day after the war—I remember clearly what happened after the last war but I will take the mayor's words—from 25,000 to 30,000 of that 65,000 will be out of jobs. If you sent them to technical or vocational schools they would have to be paid. Does your plan include payment of wages or honoraria?—A. It includes support for about half the total.

Q. I beg your pardon?—A. My plan includes support for half the total.

Q. Why not the whole of those 25,000 or 30,000, if they all wanted to go to technical schools? They are all workingmen. The higher officials will remain on the job?—A. You take the mayors' statement and take Mr. Howe's statement of the day before yesterday, I think it was, and you will find they do not jibe.

Q. The Mayor of Montreal made the same statement. He said the situation in Montreal would be the same and the Mayor of Toronto agreed.—A. Well,—

By Mr. Castleden:

Q. A certain number will not desire the training and a certain number will not be suited?—A. Quite, a lot of them won't. That is why I put in the provision that they would only get these privileges if they were mentally suited for them. Whatever they get would be limited to their capacity. Now, a good many of these people are not going to be improved by vocational training because they have had all the vocational training they are going to be given. There are senior men who know all about their own trade at any rate. However, Mr. Chairman, I do not think that either one of those propositions gets us out of the responsibility for finding projects that are going to keep this unemployment from arising.

By Mr. MacNicol:

Q. Does your plan—particularly in connection with the government projects—include the plan followed by the C.C.C. in the United States whereby men who were enrolled to perform government service on government projects—of which we will have to have a large number in Canada—were provided with night schools?—A. That could be included very well. It provides for that. The actual plan provides for the provision of classes where a large number of people need immediate education facilities.

Q. I have found the schools of the C.C.C. very, very satisfactory and I am sure the work the United States did before the war in its civilian conservation corps organization did a great deal to equip their young men not only to earn money but to improve their educational training and mental faculties and it should have had quite an effect in reducing the percentage of illiteracy in the army. I am very much surprised to know that in a great country like the United States with so many fine educational school systems apart from the C.C.C. that there are 750,000 illiterates in the army.—A. There are far more than that; that is only the number rejected from the army.

The ACTING CHAIRMAN: I think the committee should be very careful in giving consideration to this statement and take into consideration the fact that considerably over 10 per cent of the population of the United States is negro population and their literary attainments are very limited. These men are

called in direct proportion to the whites and there would be a great many rejections among negroes.

The WITNESS: I think that is about right.

The ACTING CHAIRMAN: I know that to be the fact.

By Mr. Castleden:

Q. In regard to this vocational guidance has there been any estimate of the probable need in Canada of trained men in the various industries? Are we going to, as a result of this training scheme, prepare a lopsided number of trained people for the future needs of development in Canada?—A. I do not know whether there is or not. I meant to cover that; but I probably did it inadequately by saying that a man or woman must be trained for a job. That would be for a job which we know is going to exist.

Q. We do not know much about the future. I was wondering whether there was any particular plan or estimate made of the number we will say of forestry people who are to be required, the number of fishermen and miners and so on?—A. I do not know. I did see a recommendation which had to do with future educational plans in the services which asked that such an estimate be made. Therefore it is evident if it has been made they do not know about it; I do not know myself.

Q. It would seem to be most necessary?—A. Most necessary.

By Mr. MacNicol:

Q. Can you give us an estimate of what that \$90,000,000 a year covered?—A. The \$90,000,000 was the amount for the support of half the people covered by the scheme.

Q. Both military and munition workers?—A. Yes. I cut those figures down. I am trying to cover somewhere in between your estimate of the number that would be out of jobs in Hamilton and Montreal and other hopes which I have here expressed that nobody would be out of jobs.

Q. It does not include all of the young men who would be displaced either from the army or munition works?—A. It includes covering the livelihood for all of them, which is all that you have done at present by the post-war re-establishment order. It just gives the young man a bare livelihood. It does not make much difference whether you pay him that money in cash or whether you pay it to him for his living.

By Mr. Ross (Calgary):

Q. Will that include the full instruction?—A. No, the total estimate I gave you was \$150,000,000; but to pay for instruction you must pay the teachers and also the up-keep and maintenance of the building and you must pay for books. These are the other items in the estimate.

Q. Is that for the full instruction or only for each year?—A. That is a year.

Q. For one year?—A. \$149,000,000 a year.

Q. How long would the instruction be?—A. It is calculated it would likely be two years. It was first thought the average would be about one year but as happened after the last war we found that the vocational training had to be stretched to two years and sometimes much longer than two years, but it will probably be shorter. Take for instance an air engineer who is not just quite good enough for first class civilian employment. He will finish in less than a year. He is going as far as he will ever go. Take the young man who will be going through the university. He may need two years.

By Mr. MacNicol:

Q. What happens after this young man is finished; where does he go from there?—A. He would then have to get a job.

Q. If there is no job available he does not get it?—A. No.

Q. We have to provide jobs. I am thoroughly convinced the work of this committee is to provide jobs immediately, hundreds and hundreds of thousands of jobs must be provided for men coming from overseas, air gunners, airmen and so forth. It must not happen that after one year's vocational training they are just turned out in the cold; there has to be some place to go from the schools. They have to be provided with jobs after they are through.

The ACTING CHAIRMAN: I do think Colonel Bovey presupposes the government will give in some way assistance to industry to provide jobs.

By Mr. Quelch:

Q. Would you suggest there should be any age limit set for vocational courses?—A. No, nothing beyond a test. Some years ago there were experiments made at Columbia university which are supposed to be definitive. These tests showed that up to the age of 50, age had very little to do with the ability to learn. We suggest an ability to learn test in all cases. I think it is most important.

By Mr. Castleden:

Q. You are using that now?—A. Using it in the services.

By Mr. Quelch:

Q. Above 50, no doubt, certain training could be given to equip them for a job because it would be much harder for a man over 50 to obtain a job if he is not trained than the other man; therefore he will need training to have a chance.—A. I would not suggest that you prevent them taking the course. I am saying I would not put in an age limit. I am not mentioning 50 as the age limit because personally I think you can go above that Columbia experiment.

By Mr. Ross (Middlesex East):

Q. Following the end of the war thousands will remain in the armed services, I presume, for a year or more, both boys and girls. What plans have you in mind regarding girls taking vocational training?—A. Each of the armed services is, I believe, now drawing up an educational plan to be more and more put into effect as the fighting jobs get less pressing. I assume that the directors of education in the armed services would have to integrate their work under such a committee as I am suggesting. But I know they are working on that now in the services.

Q. Would that plan work out in industry; for instance, as the war progresses and the same quantities of equipment and material are not required, instead of the men being laid off could they not be given vocational training during those hours?—A. I discussed that with only one personnel man who was a particularly intelligent man and it was his opinion that it could be done.

Q. It could be done?—A. Yes, that a parallel scheme could be worked out.

By Mr. Quelch:

Q. You suggest the same facilities be provided for girls as well as boys?—A. Absolutely.

Q. I mention that fact because we are continually hearing that girls in war jobs will have to make way for men.—A. A lot of them may want to get married, I suggest here; but as far as these girls are concerned, one of the things will be to give them a fair start. Many of them have gone into the services before they learned anything about housekeeping; and one of the rehabilitation courses which the Canadian Legion Educational Services has started is domestic science, which they would continue under such a scheme as this.

By Mr. MacNicol:

Q. Domestic science, teaching the Wrens to run their own homes or help in other homes?—A. I am talking of it now in the broadest sense of the term.

By Mr. MacKenzie (Neepawa):

Q. The scheme is for those who wish to take it?—A. I do not think you can force anyone into it but I do think we will need to do a good deal of missionary work, to make people understand the value of it, and we will also have to do as one of the members of the committee has already said, have broad enough plans to make sure that there is something for them to do when they get finished with it. That is one of the troubles with Canadian education. So far as I know it has never yet been integrated with life. We have turned out hundreds of boys from our schools and colleges and the universities, but we do not give them any idea how they can use the education they receive in these institutions in the conditions they have to face when they get out. I think that is absolutely wrong.

Mr. CASTLEDEN: They should have taken a course in riding box cars.

Mr. MACNICOL: This should now come under Selective Service.

Mr. PURDY: Or making speeches.

Mr. CASTLEDEN: Yes, there have been lots of those.

The WITNESS: I do not know.

By Mr. MacNicol:

Q. Colonel Bovey, Selective Service receives daily, from a great number of young women—not so many young men—applications—I am speaking of the big cities. Selective Service has developed a personnel that is very helpful, and I think it ought to function in industry and otherwise after the war. That would be a lot of help.—A. I should think it would. We have to use every single bit of machinery of that kind that we have. It will all have to be integrated.

Q. Is there any way of co-ordinating this with the work that is being suggested in the armed services?—A. Yes; but there is a certain amount of co-ordination going on now. I stated that we had prepared in the Canadian Legion Educational Services a certain number of what we call "Rehabilitation Courses", forestry, fishing, mining and agriculture, and domestic science for the women. Now, these courses have been set up by committees generally headed by a member of a suitable department of the Dominion Government who have worked with the provincial authorities. In the establishment of these we have co-operated also with the Department of Pensions and National Health and the Unemployment Insurance Commission. Therefore if the services continue with their schemes, which I have no doubt they will, they will have these particular courses which have been already approved and they could be carried on in the services and under these organizations. That is as far as one has gone with co-ordination up to date, but it is as far as you can go.

Q. In the course of your remarks you made one statement along these lines. I presume you refer to people working in industry who are trained for a definite job, have no future?—A. Yes.

Q. Who were the men on these definite jobs; is that a particular job that finishes when the war is over?—A. Did you say "dead-end" or "definite"?

Q. Definite jobs.—A. That that particular job is going to blow up at some time.

Q. What I had in mind was a man in industry working on a drill or a shaper or a planer or a lathe?—A. Yes.

Q. That is a definite job, and not a dead-end job. I had hoped, and perhaps your scheme does envisage providing it, that there could be something provided for these people so they could improve themselves?—A. That could be carried out under this scheme by the use of after-hours work.

Q. You cannot dispose of the definite jobs, they remain. The machines will do so much but they will not do what a man can do. They will do a lot, yet on the other hand a man standing all day long operating a small drill—I have

done it myself all day—finds that this kind of work tends to depress?—A. It stupifies a man.

Q. If there were some after-hours school or an opportunity to develop?—A. It could all be brought in under this plan; it is broad enough. I have not gone into a great many details because it would have taken hours of your time if I had tried to go into that.

By Mr. Gillis:

Q. To what extent are the boys and girls in the services making use of the Canadian Legion War Services now?—A. I cannot tell you definitely at the present time, but I can tell you how much use they have made of it. I thought somebody might ask that. We got out a report the other day which is still confidential. I do not know that it needs to stay that way much longer. From the beginning of the services to the end of June we have used 284,829 books in classes. I cannot tell you that that means that number but it means that we assume that number of students have used the books. One person may use two sets and that is counted as two persons.

Q. In Canada and in the United Kingdom?—A. In Canada and the United Kingdom. Now, of course, we have classes going on in North Africa. These are recent classes organized by the Canadian Legion alone. In the services, they have around 204,920 books. The reason why they have less is the service classes began much later. The first classes were all practically Canadian Legion classes in the three services. In each of these books there are five papers to be marked and 117,835 papers had been marked up to that time. 131,000 books have been issued for correspondence courses. That does not mean that 131,000 people have straight correspondence courses, as we all know very well. So I attach less importance to that figure than the other two, and the two larger figures make the other about 490,000 little books that have been used. We have furnished library books in Canada and Newfoundland, 54,000 of them in cloth and 59,000 in paper; to prisoners of war 2,332, including 16 in paper. That work has only just started. We have sent overseas 8,350 in cloth and 124,000 in paper, but they have also received a lot more overseas. These figures only include Canada.

By Mr. MacNicol:

Q. Are these educational books?—A. Yes—you mean the library books?

Q. Yes.—A. Yes, for the most part they have been, but there have been a certain number of light reading books, a very small proportion. The total expenditure of the Canadian Legion and dominion government funds up to that date—the Canadian Legion paid all the first year and then after that the Canadian Legion had a grant of war appropriation—was \$887,260.95.

By Mr. Gillis:

Q. There are several schools now operating in Canada for the boys and girls who are in the services, aren't there?—A. Yes.

Q. Would you recommend the continuation of these schools? You will have a lot coming out of war industries?—A. Yes, I think this scheme would require us to continue all these illiterate schools, but under this scheme as a civilian undertaking.

Q. Is that included in your figures?—A. Well, it is included in the figures as far as I know, and the cost of that is the figure of \$300,000 to which I referred.

By Mr. MacNicol:

Q. Does your program envisage the continued use of schools such as we now have at London, Galt, Hamilton and similar places?—A. Yes, very much so. That is why I mentioned at one point that it would be necessary to use facilities

not now existing in the services; I have been over these two schools at London and St. Thomas and they are magnificent schools.

Q. Have you been to the one at Galt?—A. No, I have not been over to Galt yet.

Q. And the one in Hamilton?—A. Oh yes, I have been over the Hamilton one.

By Mr. Gillis:

Q. These are trades schools, are they?—A. Yes, they are vocational training; they are in the top grade of schools. When a young man is finished at that school at St. Thomas he is better than just a mechanic.

Mr. MACNICOL: He understands it.

The WITNESS: Yes, he understands it.

By Mr. Gillis:

Q. Some of these industrial plants are operating schools of their own?—
A. They have schools in some of them.

Q. They are trade schools turning out mechanically-educated workers.—
A. Of course, a great deal of that is under the emergency war training plan and it is for younger people coming up.

Q. But they are very well equipped schools?—A. Oh yes, they are very good indeed.

Mr. McDONALD (*Pontiac*): Is there a proportionate distribution of these schools in the other provinces similar to what we have in Ontario?

The WITNESS: Oh, yes, but how we would have to use them would depend on the number of ex-service personnel who wanted to settle in any given province. That is where your federal committee would have to meet the job of allocating funds.

By Mr. Castleden:

Q. You gave figures to indicate that there would be 400,000 requiring training of a certain kind, and I think you said that there would be at least 300,000 needing special training?—A. I think it was actually a little more than that; I think it was 320,000.

Q. And you estimate that from industry there will be another 120,000?—
A. Yes.

Q. So that there will probably be about 750,000 in war industries who face unemployment at the end of hostilities?—A. Probably more, don't you think?

Q. That would not be too large a percentage.—A. There is one thing, Mr. Chairman, that I think ought to be borne in mind when we are formulating reconstruction schemes. We are having the first meeting of our Quebec Economic Advisory Council, which is the nearest thing we have to your committee, to-morrow. This war is not going to stop abruptly; it is going to be stopping over a long period. It may be years before we have a technical peace, because there will be nobody to make peace with, and until then we have got to keep many people in the armed forces, a certain number in munitions. Then, apart from that, the cessation of violent hostilities may come sooner with Germany than with Japan; but I do not think there is going to be anything similar to the last war. My opinion may be wrong but I think it will take years before there is a real changeover.

Mr. MACNICOL: What about Italy, haven't we got an armistice there now?

The WITNESS: There is no government in Italy to make peace with, and we are not at peace with Italy.

Mr. MACNICOL: But we have an armistice with them.

The WITNESS: I do not think so.

Mr. MACNICOL: Unconditional surrender.

The WITNESS: Unconditional surrender, but we might not be at peace with them for several years because they might not have a government and you could not make peace with them unless they had a government. You remember that during the last war it was, I think, 1926 before we were at peace with Turkey.

By Mr. Castleden:

Q. I was just checking over some of the figures that you gave us at the early part of your statement with an idea of finding out what we will have to have facilities to take care of. As I understand it, your project would provide facilities for about 150,000.—A. Living facilities, yes.

Q. Yes.—A. And study facilities for 330,000.

Q. Study facilities?—A. Yes.

Q. Then, with regard to personnel, you have sufficient personnel from the armed forces to take care of them or will we have to use civilians?—A. I should think so because there are large numbers of young officers in the armed forces. We need teachers, and provision could be made under a scheme like this to utilize their services.

Q. Is there anything being done at the present time to contact such persons and prepare them for this special work?—A. Yes, Mr. McMaster, our executive secretary, who comes from the Winnipeg educational group is now discussing the kind of brushing up they will need with the Canadian Teachers' Federation; and there is an active effort being made to find out how many teachers are likely to be available as they can be released. Some of them will have to be kept in the services for the educational purposes of the services themselves and it may turn out that you will have a shortage.

Q. You said something about adult education; is there anything in this plan for a nation-wide adult education program, or the organization of a national program in adult education?—A. No.

Q. You are leaving that?—A. I am leaving it with the Canadian Association for Adult Education; and it might very well be combined with this, but this would have to be really more intensive than any adult educational program I have ever seen or heard about.

Q. Are you using any system of vocational guidance by way of tests and so forth; has there been anything set up?—A. There are two different kinds. One is a straight ability-to-learn test and one is an intelligence test; but I would not like to say much about them.

Q. I think it is very important if you are going to educate him to let him make his own choice as to the type of work he would like to take, whether he is an agriculturist, a miner or whatever he has in mind.—A. Any number of them do not know really what they want to do.

Q. That is right.—A. Take a boy for instance who has lived on a farm; he thinks about going back to a farm and he might be much better suited to do something else.

Q. That is why I would like to know what tests are being used.—A. That is the point they don't think of, you see. The tests at the present time are all technical tests designed to determine where best to put them, whether in the navy, the army or the air force.

Mr. Turgeon resumed the Chair.

The CHAIRMAN: Might I be permitted to read a letter here while we are on a discussion of this subject of vocational guidance. It is at least indirectly connected with the brief given us this morning by Col. Bovey. This is from the Guidance Department of the Board of Education of London, Ontario, and it is addressed to myself as Chairman of this Committee, and it is signed by Mr. J. P. S. Nethercott, their director of vocational guidance. It reads:—

In connection with our conversation I am writing you with reference to a post-war problem that is of major importance.

Several boards of education in Canadian cities have appointed directors of vocational guidance to guide the boys and girls of our schools into suitable life work. London, Hamilton, Halifax, Calgary and Edmonton are cities of the type mentioned and the province of British Columbia has also undertaken this service.

We undertake to measure the abilities, aptitudes and interests of the boys and girls and attempt to guide them through their school careers so that they will enter the vocation for which they are best suited. American cities have been offering this service for many years but they have the advantage of government assistance through the Federal Bureau of Education and of the assistance of private organizations such as, Science Research Associates, Chicago, and Psychological Corporation, New York.

The bureau and private organizations furnish an abundance of information regarding trends in the world of work and some idea of the future requirements in industry and the various professions. In Canada, vocational guidance directors, principals, and teachers have very little material available on trends in Canadian industry and the demands of industry and the professions for the post-war period.

We can measure the future citizens but we cannot direct them intelligently into the world of work as long as we are ill-advised as to trends and opportunities in the various vocations.

Would it be possible for the dominion Bureau of Educational Research to serve all the provinces by securing the necessary data and publishing two types of information:—

- (a) Trends in the various industries and their probable requirements of manpower and womanpower.
- (b) Monographs covering the various types of job and showing qualifications (personal and training), rewards, advantages and disadvantages, etc.

This kind of information would be of the greatest value to those who are directing our youth into the world of work. It would help us to eliminate the waste of human potential which has characterized our efforts in the past. I am of the opinion that there is nothing more criminal in our economy than waste of human potential which is a natural result when our youth is not properly directed.

My experience as Director of Vocational Guidance in London reveals very strongly the need of definite action in the direction I suggest.

I may say that I represent the feelings of all who are engaged in this work when I make this suggestion and am enclosing some material to indicate what I mean.

Assuring you of my co-operation that those in my field may be able to give, I remain

I thought I should bring it to the attention of the committee particularly as it is pretty much in line with the recommendations which have been put before us by Col. Bovey.

The WITNESS: Perhaps I might say for your information, Mr. Chairman, that a series of booklets on different types of jobs of the kind mentioned is actually being prepared by the Canadian Legion Educational Services for that very purpose and they might just as well be used for something else.

By Mr. Castleden:

Q. You stated in your own remarks that we have a national income to-day of eight and one-half billion dollars and that you anticipate a drop of about a billion dollars in that; would it not be possible to maintain this national

income after the war, thereby providing employment for a larger number of our people and also permitting a greater use of our natural resources?—A. I would like to think it can be done. I was going on the statements made at the opening of the series of lectures at McGill University by Dr. James who was the Chairman of the Advisory Committee on Reconstruction and who gave us approximately those figures. I do not pretend to be an economist, but I would like to think that we would not need to stop at that.

Mr. HILL: Don't you think we are producing over 100 per cent of our normal production for a population of our size; don't you think our people are working over and above the hours they should work to give that production?

Mr. GILLIS: But you have a million people in the services to-day who are not producing and they will be coming back to industry.

(Discussion continued off the record.)

The CHAIRMAN: The discussion has continued for some little time off the record. I suggest that we get back to the question under discussion.

By Mr. Gillis:

Q. The statement appears in the brief that it is anticipated that national income will drop about \$1,000,000 following the cessation of hostilities; I want to know why?—A. I am not going to contradict the statements made by two very distinguished economists.

Q. It is due entirely to the emergency that the national income is now at the peak it is?—A. Then, both of the previous speakers were wrong about it. Having heard on two successive dates from two economists, I would like to think they were right. I am not an economist.

The CHAIRMAN: Is there any further discussion in connection with the brief?

Mr. MACNICOL: I was wondering if it would not be better to have more practical men and fewer economists.

Mr. GILLIS: You are right. Personally I am heartily in accord with the presentation made by Colonel Bovey. I think it is sound. It is simple, but it means the utilizing of the equipment which is now already established. What I like about it is that it is designed primarily for the armed forces. Thousands of these boys never had any job or never had any opportunity of training for any kind of work of any sort, and this scheme visualizes a set-up under which the individual will go from the armed services to an educational training camp and from that to a job. I think it is 100 per cent correct and I want to compliment him on it.

By Mr. McKinnon:

Q. Just at that point I would like to ask Colonel Bovey what conversations they have had with industry with a view to fitting these people into industry?—A. Only in one case which was some time ago. The question of the absorption of service personnel into industry, while it is obviously pretty well connected with such a study as this, is a question for the Department of Pensions and National Health and not a question for anyone presenting an educational plan. This is only a part of what must be a very large scheme.

Q. First I want to say I entirely agree with it but I am seeing many difficulties. For instance, the railways are huge employers of people in this country. They have made a practice during the last fifty years of educating and training their own personnel right from the ground up to the president. I was just wondering in what possible way this could fit into the present railway scheme?—A. The railway plan is based, as you say, on internal instruction, and it is a modified apprenticeship scheme. There is no reason that I know of why the railway training facilities could not be one of the schools under such a plan as this, and as far as service personnel there is no reason under your

post-discharge re-establishment order why as long as they are attending such a railway school they could not receive maintenance. This plan includes the expenses under the post-discharge re-establishment order, and that could be one of the schools utilized.

Q. That was just one of the points that I was thinking of from a practical angle. As far as you know there has been no contact made with the railways for the purpose of that plan being fitted into their system?—A. As I say, no one has heard of this plan before this committee has heard of it except in a very general way. It has been mentioned in two or three letters. It was mentioned in a letter which I wrote to the Canadian Association of Adult Education but which they have not published. It was mentioned in a letter which I wrote to the Prime Minister. I do not think it has been otherwise mentioned.

Q. How would a graduate from one of the vocational schools class in relation to a graduate from any other standard educational institution?—A. He would have to be absolutely on the same level. That is why I suggest that the scheme be handled provincially by the same people who are handling vocational training elsewhere to ensure equality of attainment.

Q. Then he would come out of one of these vocational training schools with matriculation, for example?—A. Whatever they give them.

By Mr. Hill:

Q. Colonel Bovey, is it not a fact that the present salaries of all officers in the armed forces and all the army salaries that they get are included in the national income?—A. I have not any idea. I think it probably is. I think probably all the payments to everyone in the army are included.

Q. Therefore, when they come back they have got to produce the same as they are producing to-day.

Mr. GILLIS: What are they producing to-day?

Mr. HILL: They are not producing but they are getting salaries included in your national income.

The WITNESS: Those in Canada are spending their money in Canada.

Mr. GILLIS: To maintain your tax structure.

The WITNESS: If anybody can disentangle that, it is not I.

By Mr. MacNicol:

Q. Colonel Bovey, a great number of the first enlistments in our army, which personnel afterwards went overseas, were young men who had not had jobs prior to the war. Many of them had not had any training in anything. Many of them had perhaps become discouraged and left school. Those who had some education had no practical training in industry. These boys should be right at the front in any scheme of rehabilitation. They volunteered in the very commencement; I would not want to say because of necessity because I rather think because of the bravery of their hearts and their patriotism. We will put it that way, anyway?—A. I entirely agree with you.

Q. Whatever scheme you have you should envisage some program to take care of those boys of that class who will come back without having had any training in anything before they went overseas. I know a great number of them?—A. I think you will find a great many who have gone in since have had none. Take one whole class whom you will all acknowledge should be put very high on the list for consideration, our air crew in the Air Force. A great many of them do not know anything. Many of the fighter pilots have had less training of a practical value than hundred of thousands of other young men.

Q. They have had good education but no practical training?—A. Exactly.

By Mr. Castleden:

Q. It seems to me that in this plan you are going to find there is a necessity for various gradings of these people you are going to train. There is going to be a large group of elementary training, some in higher technical training and others develop to be highly skilled, and then some academic work should be provided for. Has provision been made for that?—A. That is covered in the post-discharge re-establishment order, and as far as that scheme it is covered by the provision that everything is to be based on tests.

Q. But actually what you are doing under this scheme just goes into the four branches, forestry, farming, fishing and agriculture?—A. No, outside of that there are all the mechanics and so on. Those are big groups.

Q. There has got to be training for more skilled people. If there are going to be engineers, technicians, in all branches there has got to be training.—A. There is an allowance of 30,000 there for people going to university. It is supposed that about 30,000 will want university training.

Q. Or require it. Is there any arrangement whereby the present university accommodation that we have in Canada will be able to take care of them by the time they are ready for it?—A. No, not so far as I know, and that is why I said here that some special study would have to be given to the needs of university students. For instance, even at my own university—and I am director of extension—I could not tell you what space we could give them to-morrow because we are jammed up with evening students now.

Q. Do you not believe it would be well for some such body as this committee to recommend some extension of permanent educational facilities?—A. I think the first job would be to set up this committee either to run this plan or to consider it, and the first thing they should do should be to inquire as to what facilities are available and what are needed.

The CHAIRMAN: Are there any further questions?

By Mr. Purdy:

Q. Would the whole scheme not have to be worked out in very close co-operation with industry?—A. I think so.

Q. The whole thing would depend on the ability and willingness of industry to absorb these men?—A. Yes, and also beyond industry the public works authorities of all the different provinces, because I do not believe that even with all the expansion possible we are going to be able to do it without a big public works program which will be needed to take care of a large number of these people.

Q. In other words, the practical men should be brought into the picture as soon as possible?—A. Quite.

Q. Before the scheme is developed too far?—A. Quite; that is why this is only a skeleton now.

Mr. CASTLEDEN: Before there is too large a training period, you think.

By Mr. MacNicol:

Q. Do you not think in reference to the class that I mentioned as having enlisted without having had either positions or their educations completed at the outbreak of war, and who will come back again, that they should, if they are sent to these vocational schools, receive some remuneration?—A. There is no reason why they could not be among the 150,000 who are being maintained. Whether they should be paid more than enough to keep them, I do not know. All I have done here is to adopt the scheme at present approved by the dominion government which is that they only get enough to live on plus their fees.

By Mr. Ross (Calgary):

Q. In the figures you gave us you said that the 30,000 was for students where?—A. At the universities.

Q. Can you give us an analysis showing how the rest of it is made up in the same way?—A. No, I could not because I have not tried to analyze it. The result of the questionnaire sent out by the Department of Pensions and National Health showed that about that number wanted some sort of vocational training but as they did not know themselves what they wanted you could not get any real analysis until you have completed your tests.

By Mr. MacNicol:

Q. In your scheme you had an amount of \$22,000,000 for payment of salaries to teachers?—A. Yes.

Q. Will a large number of those teachers used in this work be returned soldier teachers?—A. I should hope so, mostly, I think.

Q. Accepting that as a sound doctrine, I still maintain that the students should be paid just as well as the teacher, maybe not on the same basis but should have more than mere food and lodging?—A. I would like to say that I agree with you but I cannot say it here because I am not in any way going to make recommendations which are different from the post-discharge re-establishment order.

Q. What I have in mind is this, a young lieutenant or a young captain who comes back and sits in one of these classes will be looking up at a teacher who will be drawing a substantial salary for teaching him, and he will be saying to himself, "I am just as much entitled to compensation as the teacher," and I agree with him?—A. Then you will have to have the post-discharge re-establishment order changed because at the present I cannot go outside it.

The CHAIRMAN: Are there any further questions or suggestions? If not, I should like to compliment you. I am sorry that it was necessary for me to leave, that I could not hear all the questioning. I heard all the reading of the brief by you but I missed some of the questioning. However, I know from what I have heard both of the brief and the few questions that I got, that the matter is one of very deep interest to this committee and to all of Canada. I will not say anything further on it but you may rest assured it will receive the consideration of this committee. We will adjourn now. There will be no further meeting of the committee this afternoon, but the members of the steering committee will meet. To-morrow morning the committee will deal with the important problem of the production of synthetic gasoline, and through that production the utilization of the tar sands of the northwest, and possibly of some of the coal beds scattered throughout Canada. The day after we will have evidence and discussion on agriculture of a further nature.

The committee adjourned at 11.45 a.m., to meet again Tuesday, November 30, at 10 o'clock a.m.

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SESSION 1943

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 33

TUESDAY, NOVEMBER 30, 1943

WITNESSES:

- Mr. W. B. Timm, Director of Mines and Geology Branch, Department of Mines and Resources;
- Mr. B. F. Haanel, Chief, Division of Fuels, Department of Mines and Resources;
- Dr. T. E. Warren, Physical Chemist in charge of Hydrogenation, Fuel Research Laboratories, Bureau of Mines;
- Mr. S. C. Ells, Engineer, Fuels Division, Department of Mines and Resources.

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MINUTES OF PROCEEDINGS

TUESDAY, November 30, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10 o'clock a.m. Mr. J. G. Turgeon, the Chairman presided.

The following members were present:—Messrs. Bence, Bertrand (*Prescott*), Black (*Cumberland*), Castleden, Eudes, Ferron, Harris (*Danforth*), Hill, Jean, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon Tustin and White.—24.

- The Chairman introduced the following witnesses:—

Mr. W. B. Timm, Director of Mines and Geology Branch, Department of Mines and Resources;
Mr. B. F. Haanel, Chief, Fuels Division, Department of Mines and Resources;
Dr. T. E. Warren, Physical Chemist, Fuels Division, Department of Mines and Resources;
Mr. S. C. Ells, Engineer, Fuels Division, Department of Mines and Resources.

Mr. Haanel presented a brief and the witnesses were examined.

The Chairman had to leave so Mr. Hill presided. Mr. Turgeon returned and resumed the Chair. Later, he had to leave again and Mr. Jean presided.

On motion of Mr. MacNicol the Committee adjourned at 12 o'clock to meet again this afternoon at 2.30 o'clock, p.m.

TUESDAY, November 30, 1943.

The Committee resumed at 2.30 o'clock, p.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Bence, Bertrand (*Prescott*), Black (*Cumberland*), Castleden, Eudes, Ferron, Jean, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—22.

Messrs. Timm, Haanel and Warren were recalled and further examined.

The Chairman offered to communicate with Hon. N. E. Tanner, Minister of Lands and Forests, Alberta, respecting the wastage of gas in the Turner Valley oil field.

Mr. S. C. Ells, Engineer, Fuels Division, Department of Mines and Resources, was called and examined.

Mr. Ells is to submit a written opinion respecting the best method of developing the oil sands of Alberta. This was ordered to be printed in the evidence, and appears as Appendix "A".

The witnesses retired and the Committee adjourned at 4.40 p.m. to meet again Wednesday, December 1, at 10 o'clock a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

November 30, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

Appearances:

W. B. Timm, Director, Mines and Geology Branch, Department of Mines and Resources.

B. F. Haanel, Chief, Division of Fuels, Bureau of Mines.

Dr. T. E. Warren, Physical Chemist, in charge of Hydrogenation, Fuel Research Laboratories, Bureau of Mines.

The CHAIRMAN: Gentlemen, we have with us to-day three gentlemen from the Department of Mines and Resources. We have Mr. W. B. Timm, Director of Mines and Geology. Mr. Timm is sitting alongside of me. Then we have Mr. B. F. Haanel, Chief of the Fuel Division, alongside Mr. Timm, and Dr. T. E. Warren, Chemist in the Fuel Division at the end of the line. They will give us the brief to-day. I will let them describe it themselves. We know roughly what it is dealing with. I will ask Mr. Timm if he will first say a word of introduction and then Mr. Haanel will read the brief to us. I might inform you—and of course, you know living in Ottawa—that members may ask questions at any time during the reading of the brief. They will ask more questions afterwards, but I think you will find they will wait until you are through and ready for the barrage.

Mr. TIMM: The Department of Mines and Resources maintains fuel research laboratories at Ottawa for the purpose of aiding industry in solving its problems. In the thirty-five years of their existence increased facilities have been provided from time to time to meet the more urgent problems. A small staff of fuel technologists have been actively engaged in determining the best ways to use our fuel resources, solid, liquid and gaseous, such as, for instance, coal, petroleum and natural gas. In 1929 the department, realizing Canada's dependence on foreign sources for the greater part of its supply of petroleum, decided to install in its fuel research laboratories a small hydrogenation unit to test out Canadian coals to determine the yield of petroleum products that could be expected from them. Since 1930-31 this small laboratory unit was operated when the very limited staff was not engaged on more pressing work and a certain amount of preliminary data obtained on the hydrogenation of the majority of Canadian coals and the bitumen from the Athabaska tar sands. To obtain more concrete and reliable data on the performance of the hydrogenation process when used for the production of petroleum products from coals, heavy crude oils, tars and bitumen, our fuel technologists have urged, for several years past, the necessity of a much larger unit, involving an expenditure in plant, equipment and staff which was impossible to obtain during the depression years. The necessity for this larger unit has again recently come forward as it appears that hydrogenation is the most favourable process to use for the production of petroleum products from the bitumen contained in the Athabaska tar sands. The chief of our fuel

division has submitted a proposal for the erection of an experimental hydrogenation plant, having a capacity of about 200 gallons of petroleum products per day. Preliminary plans have been prepared. We believe with such a plant the problems to be met in the hydrogenation of any suitable coal or oil product including bitumen can be satisfactorily worked out, and that private industry can from there proceed with commercial installations. If it is the wish of the committee the chief of the fuel division of the Bureau of Mines will present his proposal.

We also have Doctor Warren here who is physical chemist in charge of hydrogenation at our fuel research laboratories. He will be able to answer any technical questions.

Mr. MACNICOL: Before you sit down you informed the committee that following 1929 your branch installed a hydrogenation plant. What was the date of the installation of your hydrogenation plant?

Mr. TIMM: Around 1930; I do not know exactly.

Mr. MACNICOL: That is pretty early.

B. F. HAANEL, Chief, Division of Fuels, Bureau of Mines, called.

The WITNESS: Mr. Chairman and gentlemen, the title of my brief is "Necessity for Establishing Additional Laboratory Facilities and Semi-Technical Scale Hydrogenation Plant."

In recent years gigantic strides have been made in the development of prime movers especially in those using liquid fuels. As a result the increase in the generation of power has been enormous for industrial, commercial, military and civil purposes. Canada, so far as the generation and consumption of power for these purposes is concerned, has not, on a per capita basis, fallen far short of the other leading countries of the world but it is not generally understood that she has been able to maintain this increase in the generation of power only at the expense of imported fuels. Of these imports, for example, the liquid fuels amount to approximately 83% of her total consumption. To balance this we have oil reserves which are capable of supplying only 17% and intensive prospecting has not revealed, up to the present time, any encouraging results. This state of affairs during the years of peace may not have been a very disturbing factor to the majority of the people of Canada or perhaps to those in some of the other countries which are importers of oil but when it is realized that the United States, the principal source on which Canada depends for her oil supply, is looking with alarm upon her rapidly diminishing reserves, the situation must be viewed with grave concern. To substantiate this view the following statements made by the Secretary of the Department of the Interior of the United States, who is also the Petroleum Administrator for War, are quoted (1):

It requires no seer to foretell that the day is approaching when petroleum must be supplemented as an industrial and domestic fuel and as a source of gasoline. For the last several years petroleum consumption has been greatly in excess of the discovery of new reserves.

In any event, with petroleum reserves at a low level, it is no part of wisdom for you or me to sit idly by, twiddling our thumbs, while waiting for accidents or miracles to solve the inevitable problems already so uncomfortably close at hand in supplying the nation's liquid fuel and oil requirements. Ordinary common sense demands that we take positive action immediately to prepare ourselves to meet any exigency which may arise as a result of dwindling and possibly eventual disappearance of our oil reserves.

As a specific move in this direction I am preparing to recommend to the Congress legislation which would authorize the Secretary of the Interior to build and operate a demonstration-type industrial-scale coal-hydrogenation pilot plant or plants.

(1) *Coal Age*, Vol. 48, No. 4, April 1943, page 54.

Similar statements can also be quoted from other foreign sources. It will be seen therefore, that even the United States, the world's greatest oil producer, is making efforts to obtain the necessary moneys, amounting to \$30 million to erect synthetic fuel (hydrogenation) plants to study the raw materials which can be or might be converted into oil when that country is faced with a serious oil shortage.

So far as Canada is concerned the fuel research laboratories of the Bureau of Mines several years ago, realizing the dependence of this country on foreign sources for this indispensable fuel, made an effort to have a small experimental hydrogenation plant erected in which the various raw materials available in Canada, amenable to conversion to liquid fuel, could be studied. This was exceedingly small and can only be described as an elementary experimental plant and owing to lack of funds was placed in the basement of the fuel research laboratories which is not in any sense suitable to house such a plant. Yet in this small plant very valuable work has been accomplished. It has been possible with it to examine practically all of our solid fuels and bitumen from the Alberta tar sands in order to determine their amenability to conversion to liquid fuel by hydrogenation. The small size of this plant did not permit the determination of certain important physical and engineering factors although some chemical factors and characteristics were ascertained. While the results of this research work will be of real value to any research work carried out in a larger plant, they will not serve to guide engineers in the design of a commercial plant.

It is interesting to note here that shortly after the erection of this small laboratory scale plant, the United States Bureau of Mines, after consultation with us, erected a similar plant in a specially constructed building at Pittsburgh.

The world's production of petroleum is included here to show the tremendous advance in production and consumption over a period of 40 years prior to 1942.

Year	World Total Production	
	Millions of Barrels	Per Cent of Production 1902
1902	170 (a)	100
1912	340 (a)	200
1922	840 (a)	494
1932	1270 (a)	748
1942	2210 (b)	1300

(a) Data from the *Science of Petroleum*, Vol. 1, page 23, Oxford University Press, 1938. Converted from metric tons using a factor of 7 barrels per metric ton.

(b) Data from Garfias, Whetsel & Ristori, *Petroleum Technology*, May 1943 (T.P. No. 1595). Includes 164 million barrels of substitutes.

This table shows that in the forty-year period mentioned the consumption has increased over tenfold. Unfortunately, records on a comparable basis for the same period are not available for Canada so that the increase over the same period cannot be compared. This increase, however, can be assumed to be of the same order. It must be mentioned here that the world's production of petroleum is not maintained by existing fields but by their extension and the discovery of new fields and since the maintenance of reasonable reserves is dependent on the discovery of new fields a few remarks will be made here regarding the rate of new discoveries.

Up to 1930 the rate of discovery of new oil fields was capable of keeping pace with the mounting demand but since that year has greatly declined. In the United States, for example, the rate of discovery of new oil reserves has for several years been scarcely one-third of the rate of consumption⁽¹⁾. From this and the rapidly increasing demand for petroleum products, it can be inferred that a substantial portion of the future supply of oils will have to be met by substitutes. As a matter of fact oil substitutes at present constitute a substantial portion of the world's coal consumption. This is the situation as regards the United States on which country Canada depends for the major portion of her oil supplies.

Now, how is Canada situated with regard to natural oil resources to meet a possible cessation of supplies from the United States or other oil producing countries of the world, a situation which might arise at any time and one which will, of a certainty, arise in the future? Canadian production of petroleum has never been extensive in comparison with present day consumption. In past years the main sources of petroleum in Canada were the oil fields in southern Ontario and at a later date these were supplemented by the discovery of the Turner Valley field. This latter field is now the principal source of petroleum in Canada, the former having practically disappeared as a producer and therefore can in no sense be considered a factor. The other oil fields which have been discovered in order of importance are the Fort Norman field in the Northwest Territories which is producing a considerable quantity of oil and the Vermilion and Wainwright fields in Alberta. The oil from the latter two fields hardly requires consideration here inasmuch as its character is such that it is not suitable for the production of the usual refined products by the present methods of refining. For this reason it should be classed with the bituminous sands of Alberta.

In recent years total Canadian production as mentioned above has been of the order of 17 per cent of consumption. The following table shows the production and consumption of petroleum products from 1921 to 1941 inclusive:—

Year	Production*	*Consumption of Petroleum Products				
		Fuel Oil	Gasoline	Engine Distillate	Kerosene	Lub. Oil
1921**	0·2	5·3	4·6		1·9	0·8
1931	1·5	14·0	16·1		1·3	0·8
1941	10·1	24·8	26·8	1·2	0·8	1·5

*Millions of barrels per year.

**Data on consumption not available prior to 1921.

The above data are taken from publications of the Dominion Bureau of Statistics and the Science of Petroleum.

Although intensive exploration has been carried out in the most promising locations in Canada during the past few years and up to the present time, no important discovery has been made and Canada is still dependent on the United States or other foreign sources for 83 per cent of her petroleum products.

Notwithstanding this adverse situation the consumption of petroleum products in Canada for all purposes has been, and is, increasing at a rapid rate so far as the population is concerned comparable with other countries and in view of the spectacular developments that are taking place in aviation, in the application of the internal combustion motor to road and marine transport and to the mechanization of farm equipment such as tractors, etc., it must be granted that future requirements will not decline but that the rate of increase will be greatly accelerated. It does not seem probable and moreover, it is not safe to assume, that this country can depend for many more years on imported oil. Every effort therefore should be made to render this country as independent as possible of outside sources of liquid fuels.

The principal countries of Europe have already made preparations to meet a diminishing natural oil supply; the United States, as stated above, is at present considering making similar preparations; what preparations is Canada making or should make to meet such a situation? As stated previously, a small experimental hydrogenation plant for studying the manufacture of synthetic liquid fuels from such resources as coal, bitumen, etc., has been established. This is as far as Canada has gone to provide substitute fuels for such a contingency. This effort while of considerable value in providing scientific information can in no sense be considered as a major contributing factor to the solution of the problem under discussion. Canada

must now undertake the problem of research on a scale comparable with that being undertaken by other leading countries. Whether the results of such investigation would prove to be of immediate commercial value, or of value in the not distant future, they would at any rate prove an excellent insurance against future contingencies. It is within the realm of probability, however, that the time is not far distant before such results would have a tangible application.

In order to ensure themselves against a shortage of oil products due to an exhaustion of natural oil supplies, the United States is taking measures to construct synthetic fuel plants on a large scale. If the bill at present before the Senate is passed, \$30 million will be made available for the construction of three commercial size units to demonstrate the practicability of the hydrogenation process as applied to various raw materials as a source of oil indigenous to the United States and to determine important chemical and physical factors and coefficients. One unit will be devoted to the study of the hydrogenation of coals, one to lignite and a third will be devoted to the study of oil shales.

I might say in passing there are various stories written about the anxiety which the United States is showing regarding their oil supplies. She lays great stress on the bituminous sands of Alberta but says that is a problem for us to take care of.

It is our opinion that the jump from the small scale hydrogenation plant with which they have carried out their investigations up to date, to these large commercial units is too great. We therefore recommend that the unit best adapted for our investigations should be of the dimensions that can be termed semi-technical. The unit which we have selected and for which tentative designs have been prepared will have a capacity of about 200 Imperial gallons per day and it is our opinion that the results which will be obtained from the continuous operation of such a unit will enable factors and co-efficients to be determined which will serve as a basis for the design of a commercial scale plant—the technical officer of the United States Bureau of Mines who is in charge of the hydrogenation laboratory now in existence and who will be responsible for the large scale units to be erected, is in complete agreement with us regarding the proper size for the new hydrogenation plant. The functions of the proposed new laboratory and plant are to investigate various processes involving hydrogenation applied to Canadian raw materials such as coals, bitumen, heavy crude oils and residuums from petroleum refining that can be utilized as sources of gasoline or other liquid fuels.

With each raw material primary small scale work must be carried out to determine the effect on yield and quality of products of the principal operating variables which are: the number of stages, the proportion of recycled stock in each stage, catalysts, temperatures, pressures and rates of charging. The primary work will be carried out in various types of small equipment having throughout capacities of 50 cubic centimetres to 4 litres per hour and the periods of operation will vary from a few hours to one week. The data obtained in such experiments will be used as a basis for a preliminary flow sheet and will indicate operating conditions for complete and continuous operation. The complete process will then be tested in a 200-gallon-per-day plant over a period of not less than one month without varying the operating conditions unless some major fault in these becomes apparent in a shorter time.

The functions of the semi-technical plant are: to find the effect on the process of using the different heating technique that is necessary and possible only in large scale operation; to find the effects on the process of small but progressive reactions such as the formation of coke in heaters; to indicate difficulties that may arise in co-ordinating the complete process; to supply engineering data such as heat transfer co-efficients, absorption co-efficients and rates of corrosion of metals in various parts of the plant; to produce sufficient quantities

of products for investigation of secondary processes such as the production of blending agents from hydrocarbon gas, and sulphur, sulphuric acid, ammonia and phenols from the sulphur, nitrogen and oxygen combined in the raw materials; also to produce intermediate products in sufficient quantity to enable tests to be made on large scale equipment such as the pumps and stills which will be used in full-scale operation.

The size of the semi-technical plant must be large enough to perform the functions stated above. On the other hand, it is not economically feasible to give a full-scale plant sufficient flexibility to allow for conducting experimental work on different materials. It is with these considerations in view that the scale of the semi-technical plant was fixed at 200 Imperial gallons per day of gasoline.

Designs for a plant including the necessary small-scale equipment for exploratory work and laboratory facilities for analysis and testing of products have been drafted. A preliminary plan of the buildings, laboratory and plant equipment has been made for the purpose of determining the approximate cost. The building to house all equipment which must be covered is estimated to cost between \$170,000 and \$200,000. This estimate may be increased depending on the scale of prices prevailing when and if the building is authorized. At the time this estimate was made the cost of the equipment was in the vicinity of \$200,000.

To effectively carry out the investigations planned, the present staff will have to be considerably augmented and the additional salaries will amount to about \$38,000 per annum. It should be noted that the total salaries including those of the present staff assigned to this work will amount to about \$51,000 per annum.

The expenses for materials consumed in operation of the plant depend to a large extent on the proportion of time that is devoted to the operation of the large-scale equipment. This is difficult to estimate at present but can be roughly estimated at \$10,000 per year.

A third item of expense is the charge for replacements and alterations to equipment. Because of the nature of the work, the flow of materials in the plant will be subject to constant revision. This will entail a considerable charge for piping, valves, pumps, etc. Expenses to include these charges, together with replacements due to wear and tear and the purchase of additional equipment that may be necessary with changing methods of operation, are again difficult to estimate but are assumed to be of the order of \$20,000 per year. The gross total yearly expenditure will therefore be approximately \$81,000. The gross annual expense over and above that at present incurred will be about \$61,000.

A considerable amount of money will be saved by virtue of the fact that advantage can be taken of the proximity of the new Metallurgical Laboratories of the Bureau of Mines, the machine shops of the Maintenance Section, the Industrial Minerals Division, the Metallic Minerals Division, the Library and Administration. The relationship of a laboratory of this description in which apparatus is subjected to exceedingly high pressures and at the same time moderately high temperatures, to the Metallurgical Laboratories is self evident. It should be noted here that the Metallurgical building, the erection of which is now completed, will be the finest and most complete in Canada and will have a staff of experts.

For the reasons cited in this memorandum I respectfully urge that every effort be made to include ample moneys in the Estimates for the ensuing year to cover the cost of such a plant and equipment.

Thank you, gentlemen.

The CHAIRMAN: Gentlemen, this presentation opens up an extremely wide field of questioning and discussions on some of the matters of most vital interest to Canada in the post-war period. It deals just roughly first with what we must do to make certain we have proper and adequate oil supplies, and secondly, with what we can do to make certain of a proper development of the natural resources which are ours and which have been lying dormant ever since creation. The meeting is now open to questions or discussion.

Mr. MACNICOL: Perhaps to start the matter off a little more simply may I ask one of the three engineers and geologists to give us a short definition or explanation of hydrogenation.

Doctor WARREN: Well, sir, the process of hydrogenation is one of adding hydrogen to a material that is deficient in hydrogen so as to bring up the proportion of hydrogen to that of gasoline or the desired fuel. Let us take, for instance, coal, which has a much lower ratio of hydrogen to carbon than gasoline has. It was found several years ago that by applying hydrogen at high pressure it was possible to cause the hydrogen to react with the coal so as to increase the ratio of hydrogen to carbon. That reaction combined with cracking or splitting of the large molecules yields liquid fuel. The process can be carried out so as to yield gasoline as the only product. Does that answer the question?

Mr. MACNICOL: I understand it myself, but I could not imagine that everybody would just grasp your explanation. The hydrogen injected into coal-oil mixture breaks up the molecules of the coal, is that not it?

Doctor WARREN: The breaking of the molecules of the coal which is due to the temperature at which this reaction takes place; but at the same time the hydrogen does react with the molecular fragments to make gasoline and oil.

Mr. MACNICOL: The hydrogen is used as a catalyst.

Doctor WARREN: No, the hydrogen is the material that reacts.

Mr. MACNICOL: Hydrogen is used as a catalyst to break up the molecules, is it not?

Doctor WARREN: No, there is another material, an entirely separate material, which causes the reaction to go on, which is the catalyst. In the case of coal hydrogenation it is usually a compound of tin. It is not used in large quantities.

Mr. MACNICOL: What is the hydrogen shot into the coal-oil mixture for if it is not to break up the molecules of the coal?

Doctor WARREN: It is put into the coal to increase the ratio of hydrogen to carbon.

Mr. MACNICOL: And does it not then act as a catalyst in these circumstances?

Doctor WARREN: No, the catalyst is something aside from that. The catalyst is a material which increases the rate at which hydrogen is added to the coal.

Mr. MACNICOL: All of the explanations that came up before the Senate Committee in Washington said that the hydrogen acts as a catalyst to break up the molecules of the coal.

Doctor WARREN: A catalyst, sir, is something different; it is usually a metal which is added in a small amount to the reacting mixture, and it assists the hydrogen to become added to the—

Mr. MACNICOL: The mere fact that it assists it performs the function of a catalyst.

Doctor WARREN: That is the function of a catalyst.

Mr. MACNICOL: I saw a demonstration of a catalyst action last summer by a young engineer from Chicago now employed by the United States

Government, on a trip I made down Lake Winnipeg, Northern Manitoba. He took a piece of common lump sugar, a square of lump sugar from the dinner table, and he held it in his hand. He took a match or a lighter and tried to make the sugar flame. It would not flame. Then he said to another gentleman who was smoking a cigarette, "May I have your cigarette?" He took the ashes from the cigarette and rubbed it on the piece of sugar, and then he touched the cigarette lighter to the sugar and it flamed. He said, "There, gentlemen, is what a catalyst is." In this case the cigarette ash was the catalyst.

Doctor WARREN: Yes, that is an example of a catalyst. There is a small amount of metal added usually to the hydrogenation reaction of the mixture, and it assisted the reaction in that way.

Mr. MACNICOL: I have here a lump of the Alberta tar sands. Now, I am sure the whole committee feels the same as I do that we want to assist your branch to the limit to do something in a big way. The tar sands problem has likely been in your department since 1913.

Doctor WARREN: I think that is about right.

Mr. MACNICOL: That is a long time, about thirty years. We have apparently made little real progress towards making the most efficient use of the vast deposit of oil that is contained in the tar sands. Therefore, I for one would support any reasonable vote to get under way something that will take advantage of those huge deposits. What process are you using? Which one of the hydrogenation processes?

Doctor WARREN: The only one that we have done experimental work with is the so-called direct high pressure hydrogenation process.

Mr. MACNICOL: That is the same as the one used by the I.G. Farben industrie?

Doctor WARREN: Yes; it is a development of the original Bergius Fischer process.

Mr. MACNICOL: No, the Fischer process is something different.

Doctor WARREN: They are all integrated, one with the other. The German government uses—

Mr. MACNICOL: One?

Doctor WARREN: The German government uses both.

Mr. MACNICOL: The Fischer?

Doctor WARREN: No, there is one process known as the high pressure hydrogenation process or the Bergius process. The other is the Fischer-Tropsch. We have done experimental work only on the first of those, the Bergius process.

Mr. MACNICOL: Do you use high pressure or just medium pressure?

Doctor WARREN: High pressure.

Mr. MACNICOL: In Germany they went up to about 3500.

Doctor WARREN: Yes; but that was pounds per square inch.

Mr. MACNICOL: In the United States they reduced it very greatly in their process.

Doctor WARREN: No, in the experimental work that is taking place at Pittsburgh they use about the same pressure as we do, sometimes a little higher, of the order of 3,000 to 5,000 pounds per square inch.

Mr. MACNICOL: In the United States?

Doctor WARREN: Yes.

Mr. MACNICOL: There is an article in this morning's paper stating that never in the history of the United States did they exceed 2500 pounds.

Doctor WARREN: I should say that article is incorrect.

Mr. MACNICOL: I do not think it is correct either. What process do they use in Britain and what pressure?

Doctor WARREN: They use again the same order of pressure.

Mr. MACNICOL: 200 to 400?

Doctor WARREN: If you are speaking of atmosphere that is about right. If it is pounds per square inch you must multiply that by 14.7.

Mr. MACNICOL: Up to—

Doctor WARREN: 3,000 to 5,000 pounds per square inch.

Mr. MACNICOL: In what way does the small plant that you are operating compare with the plants at Baton Rouge and at Elizabeth?

Doctor WARREN: They were plants that were erected by the Standard Oil Development Company for the purpose of processing in various ways crude petroleum and petroleum fractions. They were commercially scale plants, ours is a—

Mr. MACNICOL: The first plant was just a pilot plant.

Doctor WARREN: They had to develop it up to a commercial scale. They have now in those two locations commercial scale as well.

Mr. MACNICOL: Producing oil from what?

Doctor WARREN: Converting and altering petroleum oils.

Mr. MACNICOL: Is the origin coal?

Doctor WARREN: No, they do not use coal in either of those plants.

Mr. MACNICOL: Are they not taking oil out of coal?

Doctor WARREN: Not in either of those.

Mr. MACNICOL: What are they taking it out of?

Doctor WARREN: They are converting or working on improving various petroleum fractions.

Q. Is Standard Oil now taking oil out of coal?—A. No, not in either of these large scale plants.

Q. Where did they take it out at, where was the plant?—A. Where was their coal testing plant?

Q. Where is the location of the Standard Oil developments that took oil out of coal?—A. As far as I know they have not been able to take oil out of coal.

Q. What then have they got at Bayway, New Jersey?—A. That is the plant at New Jersey?

Q. Yes.—A. They have as well the Bayshore Laboratories of the Standard Oil Development Company, and there they have a plant which will process about something about the order of 5,000 barrels per day of petroleum.

Q. And you say that the Standard Oil do not take oil out of coal?—A. Not as far as I know.

Q. In the evidence before the Senate Committee given by Mr. Haslam, vice-president of Standard Oil Company he says that, "in the summer of 1937 we built a laboratory at Baton Rouge"—would that be only an experimental plant?—A. That would be perhaps experimenting on a very small plant, perhaps something like ours.

Q. And they have not gone further than that?—A. Not to my knowledge.

Q. The Secretary of the Interior of the United States I understand has been making a very strong bid for that for several years past.—A. There is a plant of course at Pittsburgh operated by the United States Bureau of Mines, a small one like ours, that has been working on coal for several years.

Q. Have any men from our Department of Mines been sent over to Germany to study what they are doing in respect to the production of oil from coal?—A. Not since we began our work on hydrogenation.

Q. I understood that some of our men have been over to Germany?—A. I do not think so.

Q. We should have had someone over there; I understand the United States had men over there long before the war?—A. I do not think so.

Q. It is so stated in the Senate Committee Report. At the present time are you operating your plant to ascertain if you can economically take oil out of the bitumen from the tar sands?—A. The most recent work we have done at the plant has been with Alberta bitumen, yes.

Q. What success have you had?—A. We believe the results are encouraging but we cannot go nearly far enough with the small help we have.

By Mr. Castleden:

Q. What would you require in the way of an enlarged plant to make your researches more effective?—A. That is really the plan now that is being presented here. We believe that we would have to enlarge the small scale work so as to do a great deal more of it, and then build a semi-technical intermediate scale plant to work out some of the engineering features, and then it would be possible that we might be able to erect a full scale design.

Q. On the job?—A. Yes.

By Mr. MacNicol:

Q. Would you describe to the committee just what process you follow from the time the coal arrives at the demonstration plant to the time the process is completed?—A. Yes, that would be very easy. The coal is first pulverized so that a large proportion of it slips through a 200-mesh screen. This is mixed with the heavy oil in the proportions of fifty-fifty by weight.

Q. A ton of coal to a ton of oil?—A. That is right.

Mr. CASTLEDEN: What kind of oil?

Doctor WARREN: That oil we will describe later. It is residual oil from the process. It is not necessary to introduce any outside oil. The mixture then with some tin oxide and tin oxylate for catalysts is pumped into the reaction chamber where it is brought into contact with the hydrogen at 3,000 pounds per square inch and at a temperature of 420 degrees Centigrade.

By Mr. MacNicol:

Q. That would be about 900 degrees Fahrenheit?—A. Between 800 and 900 degrees Fahrenheit, yes. Then it passes through the reaction chamber, pumped continuously into it and through it, and in and out of the reaction chamber; it is still, the heavier fraction, residuum, that is used for mixing with more coal. It is residual oil, so it is not necessary to use additional oil; and the lighter units are refined further, or possibly hydrogenated further. It is possible to run the process so that the only product is gasoline.

Q. Really in effect there is no residuum?—A. There is no residuum in this process, or practically none.

Q. It all goes to gasoline?—A. Yes.

Q. Do you use just the one laboratory,—I have been in your plant but I have forgotten what I saw there, I know it was very interesting anyway and I was glad to see you were doing something along that line. How many retorts do you use?—A. We have one large one that we use for this process which I have just described, and a very much smaller one that we use for the final refining, which is the second stage of the process.

Q. In the system they are using in Germany they use six retorts one after another, why do they do that?—A. That is very largely for added capacity. When the process is carried out on a commercial scale, it is considered necessary to have a very large volume of reaction space and construction difficulties limit the size of any one retort so they simply place two or three or a number of them in series.

Q. And in the ordinary German plant the size of these retorts is reported to be around seven feet in diameter and about forty feet high?—A. I doubt if they are seven feet in diameter, they are about forty feet high; I should think they are about five feet in diameter.

Q. And they are producing in Germany to-day 15,000,000 tons of oil per year from coal and they are using all the systems in combination—the Blumner, the Bergius and the Fischer-Tropsch—they are using them all together in some way or another, I presume they take the best part of each one of them, and anyway there it is all under the government. That is a very large volume, about 300,000,000 barrels per year, is it not?—A. I have no statistics on the amount of the specific fuels being made in Germany just now.

Q. And immediately they went into the Don river basin in Russia they started putting up plants to produce 10,000,000 barrels of oil per year, which would indicate that they can put these plants up fairly rapidly; would we be able to erect plants of that capacity as quickly as they have done once you get your power plants into satisfactory commercial operation; would we be able to do something comparable with that?—A. I think after we had considerable commercial experience we might. I do not think at first we could do it at anything like that speed.

Q. Then I have one other question; you are experimenting with the different grades of Canadian coal, such as Nova Scotia, New Brunswick and so on?—A. Yes, sir.

Q. And the Estevan coal and the Alberta coal?—A. Yes, sir.

Q. So that in the end you could develop a process suitable for all Canadian coals and then we could have gasoline production plants in Nova Scotia, Alberta, British Columbia, Saskatchewan, in the northern part of Manitoba—I don't know whether they have found coal there or not; and then possibly we could have a plant in northern Ontario to develop oil from that lignite deposit up there; and then there might be some deposits which could be developed in Quebec, but we don't know much about that yet; but we certainly could put plants in New Brunswick and Nova Scotia.—A. That would be technically possible, whether it would be an economical proposition or not, I do not know.

Q. I am afraid there would be some strong objection to it in some quarters. I would like to see the use of our raw materials in all the provinces producing gasoline.

By Mr. Ross (Middlesex):

Q. I presume different ratios of production are secured from different coal fields?—A. Yes.

Q. How about western coal?—A. You mean, Alberta?

Q. Yes.—A. Well, we have the results—these are the yields that we get from small-scale laboratory tests in gallons per ton of the material as mined, and produced in this small laboratory. I should say that we do not finish the process, we do not carry it through to gasoline. We simply carry out the first step of the process to produce the oil and we estimate the amount of gasoline we should get from that oil, and this is the result of that: we believe it would be possible to get 194 gallons per ton from the bitumen; from Sydney, Nova Scotia, coal 143 gallons. We tested coal from Pittsburgh so as to tie in our work with that of the United States Bureau of Mines and got 129 gallons for that; and we tested coal from Durham County in England to check our process with the one which is being used in England, hydrogenation.

Q. What type of coal is that?—A. High volatile bituminous A, comparable to Sydney. That is not quite as good, it gave us 121 gallons as compared with 143 for Sydney.

By Mr. MacNicol:

Q. Are they operating that plant in England now?—A. I believe they are.

Q. My understanding is they are not.—A. We have some recent information which would indicate that they are.

By Mr. Ross (Calgary):

Q. What did you get from the tar sands?—A. We believe it possible to get 194 gallons per ton.

By Mr. Ross (Middlesex):

Q. Have you got the Alberta figures there?—A. I have not got down to them. We have the coal from the Valley, British Columbia, 121 gallons; from Vancouver Island, 112 gallons per ton; Shell and Crow's Nest Pass, 111 gallons; Inverness, Nova Scotia, 112 gallons; from the Drumheller area of Alberta, 93 gallons; from northern Alberta, 89 gallons; from the Edmonton area, 78 gallons; from Bienfait area, Saskatchewan, 68 gallons; from northern Ontario lignite, 50 gallons; and from air-dried peat, 59 gallons.

By Mr. MacNicol:

Q. What did you say you got from the tar sands?—A. 194 gallons to the ton, higher than any of them. That is not from the tar sands but from the bitumen after it has been reduced from the tar sands.

Q. What would that be per ton of tar sand?—A. We could divide that figure by ten—I should think there might be 10 per cent of bitumen in the tar sands—say in 19·4 gallons per ton of sand.

Q. About a barrel; that would be about 35 gallons?—A. It would be about 35 gallons.

Mr. MACNICOL: That would be about one barrel from one ton of tar sands, at least Abasand Company obtained that much.

By the Chairman:

Q. Did you test the coal from the Peace River block of British Columbia?—
A. No.

By Mr. Ross (Middlesex):

Q. You spoke about having a plant in mind there with a volume of 200 gallons a day?—A. That is what we would like to have.

Q. Presuming the funds were available, how long do you think it would take to erect that plant and equip it with the necessary machinery?—A. That is very hard to say under present conditions.

Q. But you could give us an estimate?—A. A very rough guess would be a year and a half.

Q. A year and a half you think?—A. Yes.

By Mr. MacNicol:

Q. What would you have to do about patents?—A. Well, we could proceed without experiments without any interference with patents, without any infringement.

Q. Of course the war I suppose has dislocated the whole patent business so that as far as Germany is concerned, and we might possibly use their patents; but if they are spending any money on this thing in the United States we might be allowed to use theirs?—A. We hope to have very close contact with the United States Bureau of Mines. We have been exchanging ideas quite freely with the United States Bureau of Mines.

Q. Did your department in 1935 or 1936, or prior to that, have any communications with an English concern experimenting with the tar sand with what is known I think as the Freeman process?—A. Perhaps communications.

Q. Did we not send quantities of tar sands to England to have them processed by that method?—A. I do not know. My time with the department only began in 1929.

Q. I said prior to 1935 or 1936; perhaps Doctor Timm would remember?

Dr. TIMM: I don't remember.

Q. I seem to recall a report which stated that we had sent a substantial quantity of Alberta tar sand to England prior to 1935 to have them processed and test it for the extraction of oil from the bitumen according to the Freeman process, and that it was very satisfactory producing 36·07 gallons per ton. Are any of you gentlemen familiar with the Freeman process developed in England?—A. We have done no experimental work on the Freeman process.

Q. I thought the report was that Freeman contemplated extracting by his process 200 barrels a day for a plant costing \$200,000. I may say that I am not familiar with this process.—A. We have been experimenting with it some.

Q. Would you not think it advisable to try this Freeman process? I understand there is an engineer in Montreal who is very familiar with it and who has done work under the Freeman process; it might be that we would get a good deal more for the same amount of money.

By Mr. Castleden:

Q. Could you give me any information as to the possibility of the hydrogenation of coal—I think that is the process known as gassification?—A. There have been experiments on gassification I believe in Russia.

Q. That is what I had in mind.—A. But that is a process of high pressure hydrogenation. It would not be possible to control the high pressures. That is one of the main obstacles.

Q. No, no; on the other, gassification?—A. That is out of my field, I really do not know anything about that phase of it.

The CHAIRMAN: Is there any branch of the Department of Mines and Resources that would have knowledge of that?

Mr. HAANEL: Mr. Chairman, we have and are making every effort to get information on gassification as used in Russia, but up to the present time we have not as yet been able to get anything on it.

The CHAIRMAN: I should have informed the committee when I introduced these gentlemen that Dr. Camsell would have been with us to-day but for the fact that he is confined to his home with a cold or flu; and I wanted to convey his regrets to the committee for his not being able to be with us.

Mr. QUELCH: I wonder if we could have a little information regarding the work of the plants which have already been built up there for the processing of the tar sands? I understand that the first one built up there by a company called Abasand was destroyed by fire; that in the case of another plant the sand wore out machinery; and that a third plant has been or is being put in there.

Mr. MACNICHOL: And that plant was pulled down and another one is being erected now. There is nothing in operation up there; that is, there is nothing being produced; but they are erecting a plant.

Mr. QUELCH: What was the main obstacle encountered by them in the operation of those plants?

Mr. MACNICHOL: I would not like to pass any opinion on that, at present.

The CHAIRMAN: Will you answer that?

Mr. TIMM: Mr. Chairman, the former plant of Abasand was so constructed that when we attempted about a year ago to make a run with that plant, they would run a couple of days and then closed down for changes and then run again for a while, so that we could not get any reliable data from the operation. We had our engineers go up there to try to get some cost data from the plant and it was found that this was the situation so that the government decided that there had to be so many changes made—and besides that the plant was out of balance, the recovery end, that is the separation end, was so much larger than the refinery end, and so forth. They met all kinds of difficulties so they decided to tear out the machinery in the plant and put it together again.

The CHAIRMAN: Was this plant constructed by the department or by a company?

Mr. TIMM: By a private company.

Mr. MACNICOL: They deserve a lot of credit, Mr. Chairman, for what they did. They had to overcome a great number of difficulties.

Mr. TIMM: I quite agree.

Mr. MACNICOL: I for one am convinced they deserve much more credit and much more praise than has been given to them. Their first plant which was burned down was only in operation for about a year. Now you have had men up there this year. They have been up there this whole summer. This is another year and the plant is not yet in operation, and whether it will be in operation next year or not I cannot say. Whether the plant as now reconstructed will do any better than Abasand did we cannot tell until it is built, but Abasand did deserve credit. I have no brief for Abasand. They are nothing to me in any shape, manner, or form, but they did produce oil and it was good oil. They had difficulties; they had to develop their process. They used a very simple process of hot water and used an oil catalyst, or some kind of solution, solvent rather, shot into the tanks of oil. I will never be one who will in any way discredit what Abasand did. They were pioneers.

Mr. Ross (*Calgary*): Let the witness explain what the present position is. Go ahead.

Mr. TIMM: I quite agree with Mr. MacNicol that the Abasand Company deserve a great deal of credit for what they have done in the past in pioneering this process for the recovery of bitumen from tar sands. There is no doubt that any pioneer has got to go through a lot of difficulties before he gets anywhere, but the government felt that with this cry for doing something with the tar sands that possibly Abasand were not getting along fast enough and we came to their assistance. That was the situation.

Mr. MACNICOL: They are out of it now.

Mr. TIMM: No, Abasand is still operating.

Mr. MACNICOL: It is a government plant today.

Mr. TIMM: The Abasand Company is still the operating company.

Mr. MACNICOL: The chief engineer and geologist is away, Max Ball.

Mr. TIMM: I believe Mr. Ball left for Denver about a month or so ago.

The CHAIRMAN: What is the position today, Mr. Timm?

Mr. TIMM: The position today, Mr. Chairman, is that the government came to the assistance of the Abasand Company and are putting considerable money into the project in order to see whether the Abasand project as developed is an economic process, and if it is not, to try out some other processes probably, with slight modifications. For instance, the Abasand project recovered bitumen from the tar sands by means of hot water and then got an impure bitumen which was treated with a dilutant from their refinery that was supposed to drive out the remainder of the sands from the bitumen to give pure bitumen. I do not think any person knows whether that is the final process that will

be used. Probably it may be some other simple hot water process. There is a great deal of experimentation being carried on by various companies that carry on this work on these tar sands to determine what is the better process.

Mr. MACNICOL: This is all news to me. I was thoroughly under the impression when we voted \$500,000 last session to spend on a new plant, that Abasand was out and it became a Crown company wholly under the direction of the government through a number of men who were employed by Canadian Oils, or who were officials of Canadian Oils and were sent up there to operate that plant, but to produce something much better, it was suggested, than Abasand had done. Are we led to believe that the whole new outfit with this large expense, now said to be approaching three-quarters of a million dollars, is going to follow the same method that Abasand has been following, namely, the use of hot water and a dilutant to take the oil out of the bitumen once the bitumen is removed from the sand?

Mr. TIMM: Mr. Chairman, in the first place I think it was half a million dollars that parliament voted last year for this project.

Mr. MACNICOL: But it has been increased.

Mr. TIMM: It is quite true we are attempting to prove out the Abasand process. It is still the Abasand Company. It is not a Crown company. It is still the Abasand Company. It is quite true the directors are not all the same as the former directors, but it is the Abasand Company that are going ahead.

The CHAIRMAN: Were any directors appointed by the government?

Mr. TIMM: None.

Mr. BLACK: Mr. Chairman, this may be creditable to the people who had charge of this operation over a long period of thirty years, but to me this vague report and vague situation as to the practicability of this operation is not very satisfactory, especially in a time of stress such as we have today. The people of Canada as a whole, the people of the United Nations, want this oil. I think we should know whether it is practical or not. I think these witnesses should be able to tell us whether, in their opinion, it is practical to get a commercial operation from these tar sands. We have had no information before us to justify the delay and the indefiniteness up to the present time. Personally, I am not satisfied. I remember years ago attending a highway convention in Edmonton, when Dr. Ellis there made a most glowing report of the enormous tonnage of tar sand and the great practicability of refining these sands for oil, gasoline, and bitumen for highway purposes. Here we are in the stress of war thirty years afterwards, and all we get is a most vague report as to whether it is practical or not. To me it is not satisfactory.

Mr. QUELCH: I should like to ask whether or not in order to get the most rapid and economic development of the tar sands out west we should depend upon private enterprise to develop them or would it not be better for the government to push this forward as a public enterprise? Certainly the record of the operation so far has not been in favour of private enterprise doing it. Apparently these people encountered risks or other factors which are preventing development.

Mr. TIMM: I am afraid that I am not in a position to reply to that question.

Mr. QUELCH: Could you say whether it would be a worth-while project in the post-war era? We are looking into national projects. Would you not consider that would be a really worthwhile national project to carry out?

Mr. TIMM: To that question, Mr. Chairman, I would say yes.

Mr. BLACK: Then I understand from the witness it is his belief this can be made a practical commercial operation.

Mr. TIMM: At some time in the future.

Mr. BLACK: Why are we delaying in these critical years? There has been a period of thirty years and then the recent four years of war, a critical period; then we are looking to the future when we are told by all authorities that there is going to be a world shortage of oils, and yet there is so much vagueness and uncertainty and so little progress made. I do not understand it.

Mr. BERTRAND: Abasand was producing before their plant burned. Is the new plant producing at all or is it just an experiment?

Mr. TIMM: The new plant is under construction at the moment.

Mr. BERTRAND: What time do you expect the construction to be completed?

Mr. TIMM: We expect the construction finished and the plant ready for operation by spring.

Mr. CASTLEDEN: What amount is being expended on that?

Mr. TIMM: Parliament has already voted half a million dollars for it.

Mr. CASTLEDEN: Is it going to cost that or more or less?

Mr. TIMM: It will probably cost more.

Mr. BERTRAND: Is it proposed to produce as Abasand was producing or is it only proposed to be an experimental plant?

Mr. TIMM: While that small plant will produce a certain amount of petroleum products it is supposed to be only an experimental plant to prove out this Abasand process.

Mr. MACNICOL: May I ask a question there? I am not trying to be critical. I know the engineers and want to help them. My memory is—and I am trusting my memory at the moment—that when the Minister made his speech in the House on April 14th I believe that he intimated the plant then under construction to take the place of Abasand was not for the production of oil as Abasand had been doing it but for the production of asphalt for the Alaska Highway. Am I right or wrong?

Mr. TIMM: That may be quite true, Mr. MacNicol. One of the first things we want to do is to prove out the Abasand process. It is quite possible the main product from that plant will be asphalt.

Mr. MACNICOL: Because the sands produce marvellous asphalt.

Mr. TIMM: Quite.

Mr. MACNICOL: I have seen roads adjacent to Edmonton built twenty odd years ago that are a remarkable demonstration of the strength and durability of asphalt from the sands of the Athabaska.

Mr. Ross (*Calgary*): From what you have said I take it that the work is being carried out by the Abasand Company. That is by a private enterprise and not by the government at all. Is that correct?

Mr. TIMM: That is quite true, although the government are keeping a pretty close check on the expenditures of the company up there.

Mr. Ross: That is what I was coming to. What check has the government got on those expenditures or what say has the government got in the matter?

Mr. TIMM: The agreement is between the government and the Abasand Company and the Director of the Mines and Geology Branch is the responsible official for the proper expenditure of money up there.

Mr. McDONALD (*Pontiac*): In other words, no money is expended without his authorization?

Mr. TIMM: Right.

Mr. Ross (*Calgary*): And he has a check on all expenditures of government money up there? Is that the idea?

Mr. TIMM: Quite true.

Mr. Ross (*Calgary*): He can stop any expenditure he chooses?

Mr. TIMM: Yes.

Mr. Ross: That is the only control the government has?

Mr. TIMM: Yes.

Mr. Ross (*Calgary*): Who will own the works? Is the government getting any return other than the value of the experiment out of this \$500,000?

Mr. TIMM: The agreement says, if I remember correctly, that the Abasand Company has the right to take over the plant after these experiments are through paying back to the government what expenditures they have put into it, and if the Abasand Company does not want to take over the plant the government has the right to take it over by paying to the Abasand Company the value of what they have put into it. Failing either of those the matter is supposed to go to the Exchequer Court of Canada and the plant to be put up for auction.

Mr. Ross (*Calgary*): I understand the old plant was burned down?

Mr. TIMM: Yes.

Mr. Ross (*Calgary*): What has the Abasand Company put into the new plant? What are they putting into it?

Mr. TIMM: The Abasand Company is putting nothing into the new plant at the present time.

Mr. Ross (*Calgary*): You say under the agreement they would have to be bought out, pay them for what?

Mr. TIMM: The former plant that they had.

Mr. Ross (*Calgary*): It was burned down.

Mr. TIMM: It was burned down but it was built up again after the fire.

Mr. BERTRAND: They have some rights.

Mr. TIMM: They have a lot of patents. They have lease rights and so forth.

Mr. BERTRAND: This was explained very well on the floor of the House by Mr. Howe on that very matter during the debate on the development of the tar sands of Alberta. I have just forgotten the day, but you will find a very thorough statement made by Mr. Howe on that very matter, how the government had dealt with it, why we were advancing money, that the company after the fire could no longer continue the financing, and the conditions on which the agreement was made with the possibility of private parties being most interested or possibly the view of the government as to whether it should be nationalized or not. That was all explained by Mr. Howe. I have not got it with me but you will find that in a speech he delivered on the floor of the House.

The CHAIRMAN: I think what the committee will be interested in is what is the nature of the control and direction that the government has through various departments in the construction and the operation of the plant in order to make certain that the results obtained will be those desired by the responsible chemists and geologists of the department.

Mr. MACNICOL: Mr. Chairman, here is the position. On April 14, Hon. Mr. Howe made a speech. I afterwards replied to him. I am not going to refer to anything I said. Mr. Howe is reported on April 14 as having said:—

The position to-day is that after prolonged negotiations we have arranged with Abasand that the government will take title to their operation without compensation to them. We have appropriated \$500,000 to spend on improvements to the plant. We have reinforced the old

management with some of the very best men we can lay our hands on, and we intend to do everything possible to put that plant in operating condition for its present rated capacity, as a pilot plant.

Mr. COLDWELL: Has it been taken over under the arrangement the Minister mentioned last night, that it will be handed back to the company?

Mr. HOWE: Yes, we are simply taking it over to conduct certain experiments. We hope to recover from paving material produced for the Alaska Highway the costs we expend, and the property will not be returned until the money is recovered.

That indicates to me very clearly that the plant to-day is wholly under the control of the government. They have taken title. They could not take title without having it under their control. They alone are responsible for what is going on at Abasand, and I wish them success. I am sincerely in earnest that the government through whatever they are trying to do up there will be able to develop something. I am not going to limit their costs. I find no fault with how much they spend. I want to see them make a perfect success, but as far as I understand it the government is doing it. The plant is being rebuilt on the same site exactly, is it?

Mr. TIMM: Practically; I think the plant is just moved a little, not very much.

Mr. MACNICOL: I gathered from what you said that even the new plant is going to use the hot water method of extraction?

Mr. TIMM: Quite true.

Mr. MACNICOL: Why would it not be better for us to desist from what we are doing up there at the moment; that is, if the experiments you are performing on the sands in the hydrogenation method are proving successful, why would we not be doing better to plan that way. It will take another \$500,000, I am told, but I may not have the right information, and that another \$250,000 is going to go up there presently. Maybe that is not correct, I do not know. If it is I am not opposing it. I want to see this thing a success. But if you are experimenting with the hydrogenation system and finding it a very effective method of extracting oil from tar sands why not spend all the money we are going to spend on the plant along the lines of your results?

Mr. TIMM: Mr. Chairman, the reason why we are carrying on this experimental work concurrently, is due to the fact that as Mr. MacNicol says, we did not know how we were going to treat those sands.

The CHAIRMAN: Would you repeat that?

Mr. TIMM: Yes, sir. Why we are carrying on with the Abasand operation up at Fort McMurray is to determine how this bitumen can be extracted, what is the best method of extracting the bitumen from these sands.

Mr. MACNICOL: Is it not extracting the oil from the bitumen? It is quite a simple matter to take the bitumen out of the sands; that can be done by hot water.

Mr. TIMM: I would not say so, Mr. MacNicol.

Mr. MACNICOL: Is it not a fact that the hot water process takes the bitumen out of the sands; the difficulty has been to get the oil out of the bitumen. That is the way it has been explained to me.

Mr. TIMM: I think both are true. We do not know enough about those sands, how to handle them. The more we are getting into this product the more we find the little we know about them. Now, Mr. MacNicol, while we have made a lot of guesses about these large resources of tar sands in northern Alberta, we have been doing a certain amount of drilling in what was supposed to be the most favourable location during the last two years. That drilling has

given us an entirely different view of the grade and the physical characteristics of these tar sands. While you have on the Horse River resources at McMurray from the exposed benches there a lovely grade of sand carrying up to 60 per cent bitumen and three or four per cent of minus 200 mesh material—the sand is coarse—we find from this drilling during the last two years in these more favourable locations selected for drilling an entirely different material. Last year drilling was done on two locations, one at Wheeler Island, the other at Steep Bank. The Wheeler Island deposit we found had a very large percentage of minus 200, and a considerable amount of clay material with it. Now, we do not know whether the old Abasand separation process is going to handle that type of material. The Steep Bank area was drilled last year. Some drilling was done last year, some drilling was done this year. There again we found an entirely different type of sand from the sand that the Abasand Company was treating on the Horse river resources. We found that there were clay seams layers of sand of low grade running five or six per cent and the clay seams three or four feet in thickness, rich sands, and another clay seam and so forth, until we got down to the limestone, and there was a lot of leaching of the bitumen from the sands.

Mr. MACNICOL: Did you go down to the limestone at Steep Bank?

Mr. TIMM: Yes.

Mr. MACNICOL: What was the depth of the holes?

Mr. TIMM: Some holes 153 feet deep. Back from the river apiece they went even deeper, the overburden was greater.

Mr. MACNICOL: I have been there.

Mr. TIMM: Now, that is the position we are up against. You see, we are still finding out a few facts about the tar sands.

Mr. MACNICOL: Mr. Timm, if I may interrupt you, all of the articles that are written about the tar sands and that have been written about the tar sands for the last twenty-five years more or less by eminent engineers were all predicated, were they not, very largely on reports issued by the Mines and Resources Department, and after the investigations made during the past twenty-five years by Dr. S. C. Ells. Did Mr. Ells himself not write articles to the world to the effect that that area contained not less than 100 billion barrels of oil. The United States Bureau of Geology stated the area contained 250 billion barrels of oil. Did they make a thorough investigation or just walk over the area the same as I did?

Mr. TIMM: Mr. Chairman, I am afraid what Mr. MacNicol says is largely correct. I would not dispute that probably there are that many barrels of oil there. The tar sands cover an enormous area in the province of Alberta, but there was no real detailed work done on those sands. Mr. Ells, it is quite true, with the small appropriation that parliament would give the Department of Mines for the experimental work on these tar sands could do no other than make a reconnaissance of the area.

Mr. MACNICOL: He was quite emphatic.

Mr. TIMM: And it is just now that we are beginning to know. It is just now that we are doing the detailed work and of doing fairly close drilling of those tar sands which is causing us to begin to find out these things.

Mr. MACNICOL: But Mr. Ells did drill many holes.

Mr. TIMM: Oh yes, quite true, he drilled many holes, but they were so far apart that they did not mean very much. They just told him that there was sand in there.

Mr. BLACK: Even so, is not this true, there is enough of the better quality sands to be developed to provide all the oil we may need for a long time?

Mr. TIMM: No, that is not so.

Mr. BLACK: I thought there was a large expanse of favourable deposits.

Mr. TIMM: For instance, let me say that as Mr. MacNicol knows the Abasand Company will treat sand that contained 16 per cent bitumen, a lovely sand, with a very low percentage of minus 200.

Mr. BLACK: Is there not a large tonnage of that quality of sand?

Mr. TIMM: We do not know. We only knew what was a short distance ahead of the Abasands.

Mr. MACNICOL: Why did you make the statement that you made a moment ago that the area does not contain a vast volume of oil such as we have been led to believe?

The CHAIRMAN: He did not say that it is not there.

Mr. TIMM: Oh, no.

Mr. MACNICOL: Right at the Abasand plant the area contains say about 5,000,000 barrels of oil more or less.

Mr. TIMM: I would not be prepared to say it did not contain 10,000,000 or 20,000,000 or 30,000,000 or 40,000,000, we do not know. We have not done enough careful work, enough close drilling to know. We know on the floor benches that there is 60 per cent sand there but we do not know once you go back a thousand feet if that same sand occurs.

Mr. BLACK: It would not be a very expensive process to put down holes 150 feet there through the sand to determine the contents of this sand, I would think.

Mr. TIMM: It is a very expensive process, the drilling of tar sands.

Mr. MACNICOL: You use diamond drills?

Mr. TIMM: This year we have been using diamond drills. The contractor has been Boyles Brothers of Vancouver. We have got somewhere this year in the drilling of the tar sands. We have managed to make a core, a lovely core of those tar sands.

Mr. MACNICOL: This year, but not last year.

Mr. TIMM: This year, but not last year.

Mr. MACNICOL: Because the drills were not of the proper nature?

Mr. TIMM: And we have made a great deal of progress with regard to the drilling of the tar sands. Now we know how to drill them. That drilling even to-day is costing us \$8 a foot. We hope that with this new improvement we will be able to drill the tar sands for probably \$5 or \$6 a foot. Now, \$5 or \$6 a foot drilling cost is very steep.

Mr. BLACK: That would be only \$1,500 or \$2,000 a hole even at that.

Mr. TIMM: Quite true, these holes have to be spaced fairly close together and to prove up a tonnage say of 100 million tons or so, which is sufficient to put up a hydrogenation plant which we were talking about, is going to cost a lot of money.

Mr. MACNICOL: But it is essential to find out what we have first.

Mr. TIMM: Exactly.

Mr. MACNICOL: He said \$5 or \$6 a foot. Does that mean from the top of the ground down?

Mr. TIMM: Yes, sir.

Mr. MACNICOL: From the top of the ground it might be anything from ten to fifteen feet of dirt or clay.

Mr. TIMM: Very often it is a hundred feet of overburden.

Mr. MACNICOL: That would not cost \$5 or \$6 a foot?

Mr. TIMM: Yes, it will.

Mr. MACNICOL: Why?

Mr. TIMM: That is the cheapest we have been able to get.

Mr. Ross (*Calgary*): That is the average.

Mr. TIMM: That is the average for the hole.

Mr. MACNOL: I know once you hit the sand it is going to be an expensive proposition because it is very difficult stuff to drill and has a very bad effect on the machinery used in getting it out. Sometimes you may run into very fine sand which disintegrates under heat and gets into the machinery. That fine sand when it gets into the machinery destroys the bearings, does it not. The machinery would constantly be in for repairs. The Abasand Company was not able to completely overcome that difficulty. Even at first to get it out of the mine they had a difficult job. They tried all sorts of ways to get the sand out of the mine. They used planers; they tried digging and they finally hit on another device. They tried ordinary gun powder and they got the best results from that. They drilled holes along the front of the bed and finally drilled rows of holes, perhaps thirty or more, only three feet back of the first line of holes. They may have had 50 holes and then they blew up the whole thing at one time. The heat of the blasting disintegrated this sand; when it was brought up to the air it disintegrated itself and after that they used the steam shovel; but the trucks taking it over to the plant required constant repair on account of the sand getting into the bearings. The same thing happened with regard to the mill. Once it was in the solution of water and it went into the machinery it had the same effect on the machinery. But Abasand were surmounting their difficulties and as I understand it, had made a very careful survey. When I brought the matter up first in parliament it was with the hope that we might be able to develop something to produce oil out there in a large way, because I agree with what Mr. Timm has said, this country should be independent in so far as the sources of oil is concerned. We are in a position of jeopardy in the event of our becoming embroiled with any nation, which I hope never occurs. If we did become embroiled and were unable to get oil from outside of Canada, unless we could produce it within Canada, we would be in a bad way; therefore I want to encourage you to proceed with your experiment.

Mr. Black: Everybody does.

The CHAIRMAN: Gentlemen, we have now reached our time of adjournment for lunch. I suggest we come back around two o'clock. But before we adjourn may I say that the steering committee has under consideration a suggestion that we recommend that the provincial governments and the federal government as well as the railway companies, on account of the question of transportation bring about a survey of our northwest areas and of all the northern portions of Canada so that we will know what are our natural resources and our possibilities of development and colonization. We expect a lot of immigration in the northwest country after the war because of the Alaska highway and our airports. There will be a rush of business, colonization and adventurous people. Those of us who are advocating this are anxious to have conditions such that people will be able to distinguish between propaganda and actual possibilities. This discussion this morning is to me at least and I think to all of us very interesting because it does show the impressions that can be created and possibly lead to expenditures which are not justified; but at the same time this committee is in a position to make definite recommendation that will bring that country properly to public attention and at the same time make certain that people who venture there will have the proper knowledge of affairs.

Mr. Black, you wanted to ask a question before we adjourn?

Mr. BLACK: The question was with respect to the use of coal to make oil. I notice by the figures that were given this morning that Sydney coal produces 143 gallons per ton. I should like to ask if there is any particular

grade of coal used or desired in making these experiments? Are there any chemical substances that are desirable to be employed in treating coal? I understand that the oil and bitumen required two main elements, carbon and hydrogen; is that right?

Dr. WARREN: Gasoline should contain only very minute traces of anything but carbon and hydrogen. It is permissible for instance to have only one and one-half tenths of one per cent of sulphur of finished gasoline.

Q. Can the sulphur be readily removed from the refining process?—A. Yes.

Q. So that coal which contains a considerable percentage of sulphur is equally suitable to other coal if the sulphur can be readily removed?—A. The sulphur can be removed.

Q. Economically?—A. Yes. There is one thing in regard to these figures which I think I should make clear: these figures comprise the amount of gasoline that can be obtained from the coal that is actually put through the process, but in order to operate the machinery and generate the power, steam, etc., there is another quantity of coal, in the case of high grade coal about an equal amount; and so that in England and in Germany where they are actually operating these processes taking into account the additional coal which is necessary for power, it has been possible to make only one ton of gasoline for every four to five tons of coal. But these figures were the actual yields that we obtained from the coal that we processed in our small plant. We took no account of the power that was used in doing that.

Q. Would there any fuel residue left; take a ton of coal and you extract 143 gallons which will be over half a ton—more than 50 per cent I make it—eight pounds per gallon—the balance of that 50 per cent, would it have some dual value?—A. It is all used up.

Q. That is all used in heating and so on?—A. It is used very largely in the generation of hydrogen.

Q. It is waste, is it not?—A. It is not insoluble, it is consumed in the generation of hydrogen.

Q. What would be the cost of producing gasoline say from the best of this coal—that would appear to be the Sydney coal at 143 gallons as against 129 from the Pittsburgh sample—what would be the cost of producing a gallon of that gasoline from the coal?—A. That is something on which we have no first hand knowledge. We have only the data that has been published.

Q. But you will be able to make an estimate?—A. Yes, the committee which considered the subject in Great Britain in 1930 or 1939 found that it was possible to make a small return on investment if the price of gasoline was 12 cents a gallon; that is to say if it was around 24 or 25 cents a gallon.

By Mr. Tustin:

Q. How would it compare with Canada?—A. I believe the coal used in making that estimate—this is not exact, but it is something of the order of \$3 to \$3.50 a ton.

Q. How would that compare with the price of Canadian coal?—A. That is somewhat lower than the price of United States coal.

By Mr. Black:

Q. What would be the quality of the gasoline produced from that coal in comparison with gasoline from petroleum?—A. It is about the same.

Q. What about the B.T.U.'s, the Canadian percentage?—A. It could be adjusted in the final refining process. If a very high aviation gasoline is needed, the yield may be down somewhat; that is, the octane rating could be raised at the expense of yield.

Q. But high grade octane gasoline can be produced from coal as well as from petroleum?—A. Yes, it is quite possible.

Q. Then from the experiments you have made up to the present, it is your view that it is a practical process so far as say Sydney coal is concerned, which would produce 143 gallons per ton, it can be made a practical process?—A. Well, shall we say that we do not see any reason why that coal is not as good for processing as the British coal, and it seems a little better according to our experiments.

By Mr. Ross (Middlesex):

Q. Referring to the operation of your laboratory plant, is that being carried on by private enterprise or the government?

Mr. HAANEL: By the government.

Q. It would have to be built by the government, it would have to be owned by the government and would be operated by the government?—A. Yes.

The Acting CHAIRMAN: Before proceeding any further, is it the desire of the committee to adjourn now and come back again this afternoon; or, shall we carry on until one o'clock?

Mr. MACNICOL: I think we should adjourn for lunch now and come back this afternoon. That would afford us an opportunity of thinking over what has been said this morning and we could have perhaps some more pertinent questions. The evidence provided so far has been very good.

The Committee adjourned at 12.00 o'clock noon to sit again at 2.30 o'clock p.m., this day.

AFTERNOON SESSION

The Committee resumed at 2.30 o'clock p.m.

The CHAIRMAN: Gentlemen, we will continue where we left off. I had to go out a few minutes early and I am not sure just where we were when we broke up about 1 o'clock, but we will go on from there.

Mr. PURDY: We are still building on sand.

Mr. Ross (*Middlesex*): In any event, the sands are not running low anyhow. Has the chairman any knowledge of the copies of the printed proceedings reaching members of the committee?

The CHAIRMAN: I asked Mr. Doyle that yesterday. Mr. Doyle tells me now that they were supposed to have reached him yesterday but they have not come yet. He will get after it right away again. I talked to him the day before yesterday about it and he is going to see what he can do about it again. It is likely a jam at the Printing Bureau. What is your wish in connection with questions?

Mr. MACNICOL: Mr. Chairman, I was waiting for a moment for someone else to start, but just to keep things going, I will commence. I want at the very commencement to refer to Mr. Ells. I wish he were here, but he is not.

Mr. BLACK: Mr. MacNicol raises that point. I should like to have him here. I am personally interested in Mr. Ells. He made representations to the Good Roads Convention away back in 1928 or 1929 in Edmonton. He has been closely associated with these oil sands before that and at the present time. He certainly painted a very glowing picture. If Mr. Ells is available I think he should be here. Is he connected with the department out there now?

Mr. MACNICOL: He has just come back.

Mr. BLACK: If he has just come back that is all the more reason why we should have him before us if we are going to get a comprehensive story. I should like to know why Mr. Ells is not here.

The CHAIRMAN: I asked the department to send me two or three of their most appropriate officials. They sent these three gentlemen. If we want Mr. Ellis I think we can easily get him providing he is in town.

Mr. BLACK: He has just come back from the oil sands. I think we should have him. I would ask that you try and get him.

The CHAIRMAN: Mr. Timm is going to try to get him. What in the meantime?

Mr. MACNICOL: I think we ought to thoroughly establish first that it is the government that is in sole control of all that is going on by way of development and construction at Fort McMurray at the Abasand plant. Section No. 9 of the signed agreement reads as follows—

Mr. QUELCH: What agreement is that?

Mr. MACNICOL: This is a memorandum of agreement between the Dominion of Canada and Abasand Oils Limited respecting the expansion of plant for treatment of bitumen sands near McMurray, Alberta. The agreement is dated April 1, 1943. It was tabled in the House. Section 9 reads:—

The title to the expanded plant, both during construction and upon completion, and of all materials and supplies, shall vest and remain in the government unless and until the said plant shall be disposed of to the contractor or to another party as hereinafter provided. The title to all processes, inventions and methods, discovered or developed during the operation of the plant by the contractor, shall vest and remain in the government and the contractor shall execute such documents and do such matters and things as may be necessary or requisite to vest title thereto in the government.

That thoroughly establishes that what is now being carried on at Fort McMurray is solely on behalf of the government. I should like to ask this question before I go further. Are the constructions that are now being carried on at Fort McMurray under the Department of Mines and Resources or under the Department of Munitions and Supply?

The WITNESS: I could not answer that.

The CHAIRMAN: We will have to let that question go until Mr. Timm returns. Are there any other questions in the meantime?

Mr. CASTLEDEN: While we are waiting, your brief contained some statement to the effect that about 82 per cent of Canada's consumption of oil was imported. What percentage of the production we have in Canada is operated by United States oil companies or their subsidiaries?

The WITNESS: I do not know of any. There may be American capital, of course, but to what extent I do not know. You are referring to that 17 per cent?

Mr. CASTLEDEN: I was referring to Canada's production in oil.

The WITNESS: Seventeen per cent of our oil consumption; Turner Valley, for example, and Fort Norman. I do not know who operates those things. I think it is mostly Canadian.

By Mr. Castleden:

Q. You do not know who operates the oil wells themselves?—A. I do not know where the capital is coming from.

Q. How about leases? Have you any facts regarding the leasing of oil rights in the province of Alberta?—A. No, I have none whatever. That is entirely out of my province.

Q. It just seems rather relevant to the fact whether or not the expenditure we are undertaking is going to be warranted. What is the use of Canada expending that money in the development of that process and in the development

of this production and research work if it is all to be handed over to some large oil company, and even worse, to some oil monopoly?—A. I would not say it is going to be turned over or would be turned over to any particular company or monopoly. This research, of course, would lay the foundation for any future expansion, and that means the building of commercial plants. Commercial plants might be built by anybody who would put the money up. That might be foreign capital, as a matter of fact.

Q. I am thinking more of the value. This half a million dollars we are going to expend might be better expended in a government plant which was returning benefits in the way of low cost fuel to the Canadian people rather than handing the thing over. Is it not true that the government is undertaking or financing oil drilling throughout various parts of Canada at the present time?

Mr. TIMM: Yes.

Mr. CASTLEDEN: To what extent is that being carried on?

Mr. TIMM: You mean oil drilling?

Mr. CASTLEDEN: Yes, and searching for oil, doing exploration work.

Mr. TIMM: Of course, in the Department of Mines they have their geological parties out every year searching for oil. The Department of Munitions and Supply have got a Crown company who are advancing money to drill in proven fields, not wildcat.

Mr. CASTLEDEN: What is the nature of that drilling? What success have they had so far?

Mr. TIMM: It just started this summer, but I believe it has been quite a success.

Mr. CASTLEDEN: What is the arrangement with regard to the discovery of oil?

Mr. TIMM: I could not tell you that. It is in the Department of Munitions and Supply under the oil controller.

Mr. McDONALD (*Pontiac*): In view of the controversy that has arisen lately between the Secretary of War of the United States and some of the officials regarding Canol in the Northwest Territories, which I understand is in Canada, and the construction of a pipe line from there to the coast—I am speaking now from memory—when the Secretary of War estimated the supply of oil there at only 10,000,000 barrels, and the officials of the department said 150,000,000 at the very least—have you any particular knowledge of what quantity there may be there? I understand these wells are in Canada.

Mr. TIMM: Yes. Mr. Chairman, I think probably that is a guess also. I do not know how any person can tell what the quantity of oil is under the ground. They can approximate.

Mr. McDONALD (*Pontiac*): Have you had any sounding or other work done there that would give you any ground for estimating, any knowledge of it, in comparison with the Alberta oil wells, for instance?

Mr. TIMM: I think it is probably too early. You must remember that wells were drilled up there in the Canol project and they have not had the equipment there to test all those wells to see what their flow would be.

Mr. McDONALD: They estimated 150,000,000 barrels.

Mr. TIMM: It is pretty difficult to do that estimation today.

Mr. McDONALD: It would be nice to know it is there.

Mr. TIMM: I think there is quite a quantity there.

Mr. McDONALD: I have another question and I am through. Excuse me for interrupting. You referred to an article on the process of diamond drilling tar sands. Does that differ very much from rock drilling? What is the extent of the core you get, the diameter?

Mr. TIMM: Boyles Brothers have got a core of around 2 inches in diameter, and they have been pulling that from a 5-foot core barrel so far. What was your first question?

Mr. McDONALD: How they succeeded in doing that?

Mr. TIMM: They have succeeded in doing it. I do not know the details myself about it but I believe it is by the use of a jell mud.

The CHAIRMAN: Any further questions?

Mr. MACNICOL: Shall I go on?

The CHAIRMAN: All right; you had a question that could not be answered while Mr. Timm was out.

Mr. MACNICOL: Mr. Timm, when you went out, just to fill in time I read to the committee from the agreement signed on April 1, 1943, in reference to the present authority that is developing the tar sands at Fort McMurray. Section 9 reads:

The title to the expanded plant, both during construction and upon completion, and of all materials and supplies, shall vest and remain in the government unless and until the said plant shall be disposed of to the contractor or to another party as hereinafter provided. The title to all processes, inventions and methods, discovered or developed during the operation of the plant by the contractor, shall vest and remain in the government, and the contractor shall execute such documents and do such matters and things as may be necessary or requisite to vest title thereto in the government.

All I read that for is to show that what is now going on at Fort McMurray is wholly owned and wholly under the direction of the government according to the agreement.

Mr. TIMM: Quite.

The CHAIRMAN: Anything further?

Mr. MACNICOL: Yes, if there is no one else. I do not want to take up time but unfortunately I am so thoroughly familiar with this.

The CHAIRMAN: If nobody else has any questions you are entitled to do so.

Mr. CASTLEDEN: Is it correct that the leases to the whole Fort McMurray field are being held by the Alberta government?

Mr. MACNICOL: Not that lease; the lease that is now being operated at Fort McMurray by the government is a lease that was held formerly by the Abasand Company. Speaking from memory I believe it is almost 3,000 acres.

Mr. CASTLEDEN: How about the balance of the field?

Mr. MACNICOL: Anybody can get a lease, but some of it is held by the International Bitumen Company about fifty miles down the Athabasca river where they have a plant. If the land has not already been pre-empted or leased by the Alberta government anyone can obtain a lease by application to the Alberta government. The Alberta government will give them a lease to one mile on the river and three miles back. In other words, they will lease, to anyone who will undertake to invest money and make an effort to develop, 1,920 acres as long as the Alberta government is satisfied that their intentions are the best.

The CHAIRMAN: There is a statement that I should like Mr. Timm to make here.

Mr. TIMM: Mr. Chairman, the present operation of Abasand is on land that is held by the Dominion government, a Crown lease which was not returned to the province at the time the resources were returned. It is what is known as the Horse River Reserve. There are a few other small reserves throughout the tar sands that do not amount to much.

The CHAIRMAN: They still belong to the federal government?

Mr. TIMM: They still belong to the federal government. The federal government reserved these acreages to get sands from them for park purposes, dominion parks.

Mr. MACNICOL: From whom did Abasand obtain this?

Mr. TIMM: Abasand obtained their present lease from the Dominion government.

Mr. MACNICOL: At the time the natural resources were in the possession of the Dominion government, but they had a lease.

Mr. TIMM: They had a lease from the Dominion government.

The CHAIRMAN: Have they any leases from the provincial government?

Mr. TIMM: They have, I understand, the privilege of taking up a certain acreage before a certain time.

Mr. MACNICOL: Down the river.

Mr. TIMM: Of Alberta ground.

Mr. CASTLEDEN: What is the area covered by the present government lease? Have you that?

Mr. TIMM: I just forgot it.

Mr. QUELCH: What is the estimated area of the tar sands in Alberta? Have you any rough approximate acreage?

Mr. TIMM: Probably Mr. Ells will tell you that when he comes. I just forget it. It seems to me it is around 10,000 square miles, or something like that. It is a big area, anyway.

Mr. MACNICOL: I should like to ask another question of the gentleman over in the corner. I should like it thoroughly explained to the committee as to the process of extracting oil from the coal. I believe you stated that the coal is pulverized, run through rollers and made the same as flour, very very fine, and then treated with oil, but that does not take the oil out of the coal. What takes the oil out of the coal?

Dr. WARREN: It is not a question of taking oil out of coal, but converting coal into oil, the complete conversion of coal into oil.

Mr. MACNICOL: What converts it? The coal is ground and is mixed with oil.

Dr. WARREN: The combined action of hydrogen and high temperature.

Mr. MACNICOL: In other words, the hydrogen becomes a catalyst?

Dr. WARREN: The definition of a catalyst is an agent which hastens a reaction, which accelerates a reaction, but does not take part in the reaction itself. It is the mechanism by which the hydrogen is brought to the coal and united with it. The catalyst after the process can be removed from the resultant oil. In some cases it can be used over again. In others it would be discarded.

Mr. MACNICOL: The oil that is used in the extraction of oil from the coal is all recovered?

Dr. WARREN: Yes.

Mr. McDONALD (*Pontiac*): What is the correct expression?

Dr. WARREN: Catalyst.

Mr. MACNICOL: Where would you get the hydrogen from; what method would be used to produce the hydrogen, if you were operating a very large commercial plant?

Dr. WARREN: As a product produced in the liquefaction of the oil. Another product is hydrocarbon gas and that can be reacted with steam in such a way as to produce hydrogen which is then used to hydrogenate more coal. In other words, with the exception of steam which is introduced, the process is self-sufficient.

Mr. MACNICOL: Is that what you call the Methane process?

Dr. WARREN: Methane steam reaction.

Mr. CASTLEDEN: How does this differ from the oil you get from the tar sands?

Dr. WARREN: The oil from the tar sands or more correctly the bitumen, must be brought from the sands. It is then a very viscous, heavy crude oil if you like, and in order to convert it with a high yield into gasoline it is treated in almost exactly the same way as coal, a very similar process. It is pumped with hydrogen and the catalyst into a reaction chamber where it is heated and treated under pressure the same way as the coal.

Mr. CASTLEDEN: Are there any by-products?

Dr. WARREN: A heavier oil can be made as a by-product but the process would probably run in such a way as to produce only gasoline. It can be run to produce fuel oil as well. There would be minor by-products. The sulphur that is in the bitumen might be recovered as sulphur or as sulphuric acid, that sort of thing. I think that can be considered as a minor by-product. It will not contribute much to the economy of the process.

Mr. CASTLEDEN: There is no use that can be made at the present time of these sands? It has no special qualities to make it valuable as a commercial product?

Dr. WARREN: As far as I know I do not think the sand is commercially useful.

The CHAIRMAN: Are there any further questions?

Mr. MACNICOL: I remember a remark that Mr. Timm made, if I remember correctly, to the effect that the U.S. government through the Secretary of the Interior, Ickes, was asking for \$100,000,000.

Mr. TIMM: Our impression was it was \$30,000,000, I do not know.

Mr. MACNICOL: I have before me an article written by Hon. Harold L. Ickes, Secretary of the Interior, published in the December 4th issue of *Colliers*, in which he states this:—

In furtherance of this plan . . .

That is the plan Mr. Timm has spoken of, the production of oil from coal—which was conceived in this Bureau of Mines, the Department of the Interior is supporting legislation before the Congress for \$100,000,000 with which to build and operate demonstration plants for producing, on a small commercial scale, gasoline and oil from coal and shale.

Therefore you are very modest in asking for that small amount. How much are you asking for here?

Mr. TIMM: We are asking here for \$500,000, half a million.

Mr. MACNICOL: You are very modest. Now, I want to ask Mr. Timm one more question. You said something this morning about the results that are obtained from coal, and you gave the gallonage produced from the Canadian coal.

Mr. TIMM: Yes, Doctor Warren did.

Mr. MACNICOL: Did I understand that you were able to get a hundred gallons—how many gallons did you say you could get from Sydney coal?

Dr. WARREN: A hundred and forty-three, I think was the figure. Now let us be perfectly clear on the basis of that figure. I am now referring only to small plants, and it is based on the coal that is actually put through the process. It does not include the coal that is used for the generation of power and steam, heat and other uses. That is the yield of the coal that is pulverized and put through the process. The yield from the coal is 143 gallons per short ton, 2,000 pounds.

Mr. MACNICOL: I am glad to hear that. That is the best in America. Mr. Ickes says in his article:—

Fourteen American and Alaskan coals have been tested in this small plant, which handles only a hundred pounds of coal a day, and the scientists have proved that most of the nation's bituminous coals and lignites can be liquefied. The yields run from 32 to 70 gallons of crude oil for each ton of coal or lignite.

Would that be without considering the—

Dr. WARREN: That would be on the same basis as this. We have been in very close touch with the United States bureau. We have tested some of their coal and our results are closely similar to theirs; therefore that cannot be on the same basis as these. It probably includes the coal that is used for other than processing.

Mr. MACNICOL: Then your results you think would be approximately like these?

Dr. WARREN: Our results are very nearly the same as the results obtained by the U.S. Bureau.

Mr. MACNICOL: And these results refer to lignite coal too?

Dr. WARREN: I cannot say exactly what these refer to.

Mr. MACNICOL: It says here. I suppose a lower gallonage would come from a lower grade of coal.

Dr. WARREN: A convenient figure to remember, including coal for all purposes, is that about 4 tons of coal give roughly—high-grade coal—one ton of gasoline. That has been found out in England.

Mr. MACNICOL: Before we leave that, did I understand you to say that this is the Fischer Tropsch process they are using in the United States?

Dr. WARREN: No, the process that is being used by the United States Bureau of Mines is a development of the Bergius process.

Mr. MACNICOL: You have read Senator Mahoney's bill on which the appropriation was based?

Dr. WARREN: Yes.

Mr. MACNICOL: The bill calls for the Fischer-Tropsch process of hydrogenation.

Dr. WARREN: More than one process was to be investigated. One process was a continuation of the work they have done on the direct high pressure Bergius process. Another one to be investigated was the Fischer-Tropsch process.

Mr. MACNICOL: Do you mean the first or the last Bergius process? It was considerably modified from the beginning.

Dr. WARREN: It has been continually modified, yes.

Mr. MACNICOL: I am using the last one to distinguish it from the other Bergius process.

Dr. WARREN: The Bergius was the first to originate it and Fischer was the other.

Mr. MACNICOL: Has the Standard Oil Company the control of them in the United States?

Dr. WARREN: I believe the Standard Oil Company did acquire about 1927 the American rights to that.

Mr. MACNICOL: By what authority or by what right would we be able to use it here?

Dr. WARREN: For experimental work as I understand it you can go ahead and use it.

Mr. MACNICOL: If we put up a plant in Alberta and a plant in Sydney or anywhere else in Canada we would have to purchase from Standard Oil Company the right to use that process.

Dr. WARREN: It would be necessary probably to licence certain patents from them.

Mr. MACNICOL: Did they not offer to give anyone in the United States the right to use that process if they would use it, during the war?

Dr. WARREN: I do not know that.

Mr. MACNICOL: It runs in my head that was the evidence. That would be a very important matter. According to the evidence before the Senate Committee it was a most expensive patent to purchase the right to use. Have you any knowledge as to what we will have to pay for the right to use the process?

Dr. WARREN: No, I have no knowledge whatever.

Mr. MACNICOL: I think it would be important to find out that information, Mr. Chairman, because if you read the U.S. Senate Committee report of 1942 in which this whole matter was investigated you will see that it was a very expensive process. Did they not pay \$30,000,000 for it? What did they pay?

Dr. WARREN: I have no possible way of knowing what the Standard Oil Development Company paid to the I.G. Farbenindustrie for their share in the patent rights.

Mr. MACNICOL: I have not time to look it up, but it is all on record in the Senate report. It was rather expensive.

Dr. WARREN: I have not seen it.

Mr. BLACK: I do not understand why it is necessary to do so much pioneering investigating work if this process has been developed in such a high productive stage in other countries like Germany and England. The Department should have the benefit of results in those countries. I should think that work has been carried on over quite a number of years. It has been extended since the beginning of the war. I should think a lot of that information could be accepted as having been established rather than entail further pioneering and investigating from our standpoint.

Mr. McDONALD (*Pontiac*): For the purpose of this experiment, having in mind the figures you quoted, do you select your coal or do you take the ordinary run of mines?

Dr. WARREN: Well, it helps a good deal if the ash can be reduced to as small a content as possible; that is most important.

Mr. McDONALD (*Pontiac*): To a certain extent you select it, do you?

Dr. WARREN: Yes.

Mr. MACNICOL: In Germany they use a brown lignite that has on the average 50 per cent water content. That would compare with the northern Ontario lignite, would it not?

Dr. WARREN: I believe the character of the lignite is very different from the northern Ontario lignite; it is a coal substance itself.

The CHAIRMAN: Are there any further questions?

Mr. MACNICOL: So far as I am concerned that finishes this part of the investigation.

Mr. CASTLEDEN: Do you think it is well within the realm of chemical possibility to increase the efficiency or power content of gasoline, knowing the chemical formula for gasoline?

Dr. WARREN: Yes, there are constant improvements being made in gasoline and in methods of improving it. Almost monthly you see new developments coming up along that line.

Mr. CASTLEDEN: Is your department doing any research work in that connection?

Dr. WARREN: No direct research along that line.

Mr. CASTLEDEN: None contemplated?

Dr. WARREN: Except as might be incidental to this study of the means of producing gasoline from our own raw materials.

Mr. CASTLEDEN: Would there not be a possibility in that field?

Dr. WARREN: I would not like to make a guess. There have been very great improvements in the past two years.

Mr. CASTLEDEN: Can you give any figures on the increase of power and efficiency say within the past year of the best gasoline that can be produced?

Dr. WARREN: The best gasoline obtainable?

Mr. CASTLEDEN: Yes, compared with the gasoline of three or four years ago.

Dr. WARREN: No, I do not believe I can. The specifications at the present time do not call for anything higher than one-hundred octane rating and it is rather an arbitrary business to evaluate and say this gasoline gives so many per cent more power than another. It is a thing that could easily be misleading.

Mr. BLACK: There was a process started in Trinidad of treating ordinary gasoline and bringing it up to a high octane gasoline. I understand it was done by an acid process. They have been marvellously successful in that and it was adopted in the United States and other places as a recognized method of improving the octane content for qualities of gasoline for aviation purposes. If Dr. Warren is familiar with that I should like to ask him if that could have any relation to the refining of the bitumen sands?

Dr. WARREN: The most important new developments in the treatment of gasoline has been in the past few years and it has been catalytic cracking, and that is applicable to the primary gasoline produced from any of those raw materials just as it is to the gasoline produced from petroleum. That is, gasoline from other sources can be improved in the same way as gasoline from petroleum. Then, there have been a number of processes developed for utilizing the constituents of the gas produced in cracking. The most prominent of these is alkalation, which produces most of the blending fuel now that is used for aviation gasoline. These processes are applicable to substances like gasoline and constituents, gas such as butylene, butane and isobutylene. The last two I have mentioned, alkalation and catalytic crackings are not directly applicable to coal, only perhaps partly applicable to bitumen.

Mr. MACNICHOL: Speaking about gas, may I refer to the gas that goes to waste in the Turner Valley? You likely have been there. I believe I counted 47 or more flames shooting in the air from burning gas. Could that gas be turned into gasoline?

Dr. WARREN: Yes, if that gas could be economically collected a modification of this very Fischer-Tropsch process could be applied to it to convert it into gasoline.

Mr. MACNICHOL: Well, then, I think this country ought to be ashamed of itself for allowing so many billions of cubic feet of gas daily to go to waste. I have forgotten the number of billions of cubic feet, but it is a large number.

Mr. HAANEL: It used to be 200 million cubic feet but now it has been much reduced.

Mr. MACNICHOL: As far as collecting gas is concerned it only means pipes, does it not? Instead of the flame going out the end of the pipe they can put in an elbow and collect all the gas.

Dr. WARREN: That could be done, but I have no idea of the cost.

Mr. MACNICOL: Every time I see it I say to myself some day the Lord will punish this country for such a colossal waste. The same applies to the Peace River country where there are fires burning all the time. One fire has been burning since Sir Alexander Mackenzie went along there in 1792, I believe. Five have been burning on the Peace River for the last thirty odd years. Something should be done to save these resources.

Mr. Ross (*Calgary*): Could anyone tell us what the cost would be to convert that escaping gas into gasoline? Could you give us an idea of the cost? Do you know if that has been brought to the attention of the provincial government who after all own the gas which is escaping, and I would imagine that it must be dealt with some way through the provincial government who are the present owners of the resources?

By Mr. Black:

Q. Could Dr. Warren ask the question asked by Mr. MacNicol as to the cost of converting the wasting natural gas into gasoline and oils; have you any figures on that?—A. I have nothing first hand. I have seen very optimistic figures in the literature; where gas is sold as cheaply as five cents per thousand cubic feet the price is almost competitive with gasoline at present day prices using the Fischer-Tropsch process.

Mr. BLACK: Five cents per thousand cubic feet, why that is nothing, out there it is being wasted at the rate of hundreds of millions of cubic feet now.

Mr. MACNICOL: I was just looking up the name of the American authority who believes that that gas is the number one best source for the production of gasoline and the tar sand as the number two source—this article was written by him—what is his name?

Dr. WARREN: I think you are referring to R. P. Russell.

Mr. MACNICOL: Yes, that is his name. He believes that natural gas is the number one base source for the production of gasoline, and he believes that the tar sands of Alberta is the number two source; so this country certainly should not be without cheap gas—we own one-fifth of the world's visible supply of coal—that is what someone stated here the other day—therefore we have ample of the three best alternative methods or sources for the production of gasoline, gas, coal, tar sands.

By Mr. Black:

Q. Does Dr. Warren feel, disregarding costs for the moment, that he could devise a process whereby this natural gas could be changed into oil products?—A. I do not think it would be necessary to devise a process, this Fischer-Tropsch process, if it could be licensed, would do it.

Q. Who owns the process where it would have to be licensed, or the license which would have to be procured?—A. It was German, and it has been used in England and I think possibly to some limited extent in the United States.

Mr. BLACK: I should say that this country should take possession of it and make use of it.

Mr. MACNICOL: But we haven't got the process yet.

Dr. WARREN: There is more to it than simply the patent, there is the knowledge of how to apply it; perhaps that is the answer to your question.

Mr. BLACK: Yes. I want to know if you can apply from a commercial standpoint any process whereby this wasting natural gas could be converted into gasoline or oil?

The WITNESS: We have not sufficient technical knowledge to apply that process now.

The CHAIRMAN: You have not?

The WITNESS: We have not.

By Mr. Black:

Q. But you think you could develop a process that would secure these results?—A. We believe it possible, if we could acquire the technical knowledge.

By Mr. Ross (Calgary):

Q. Do you mean that the Germans have the process and we have not?—A. Exactly, and the Germans know how to apply it; and so far as I know no one in Canada at the present time does.

Q. The United States has not your process or Great Britain has not your process; is that what you mean?—A. I do not know to what extent that applies to United States or Great Britain but insofar as I know there is no large commercial scale Fischer-Tropsch plant in the United States or in Great Britain.

Mr. QUELCH: I am sorry that this had not come up the other day when Premier Manning and the Hon. Mr. Tanner were here, because I am sure Mr. Tanner could have given you some very interesting information on this point.

The CHAIRMAN: We might get a letter from Mr. Tanner which I think the members would be glad to have included in our record.

Mr. MACNICOL: These men are geologists and they should be able to give us the information.

The CHAIRMAN: Yes, but I mean that the resources that are now being wasted are after all the property of the province and not of the dominion.

Mr. QUELCH: And there has been a lot of research work done in that province on this question, and it is not just being wasted without reason.

Mr. Ross (*Calgary*): There is some reason for it.

Mr. QUELCH: Yes.

Mr. MACNICOL: I would like to have just one final word about the Fischer process. I want to refer to an article which appears in the *Saturday Evening Post* under date of November 27, 1943, at page 44:—

The other coal-to-oil process, indirect hydrogenation a la Fischer, is right in the same class as the direct process in the matter of costs and material needs. Fischer plants are pleasing Germany, however, because they may be small and yet efficient, and small plants can be scattered and hidden from bombers. Curiously enough, though, the Fischer process produces very poor gasoline. It comes from the plant at around 50 octane, and without further cracking, which would raise the costs, would hardly be fit for modern motor use. The Diesel oil from this indirect process, on the other hand, is excellent, and if we are ever pushed to the extremity of oil from coal, it may very well be that these two methods of production will find themselves existing side by side.

What have you to say to that?

Dr. WARREN: That is quite correct, without further cracking it would hardly do for use in a modern motor car, and the complete process would include putting it through a cracking plant.

Mr. MACNICOL: But that is no reflection on the process though.

Dr. WARREN: It means that the process is a little more complicated than the simple Fischer-Tropsch process. There is a small yield, of course.

By Mr. Castleden:

Q. I would like to ask whether you technologists have done any research work on the development of the gaseous form of fuel from the by-product of agriculture, such as straw?—A. Not in the Bureau of Mines, that I know of.

The CHAIRMAN: Now, Mr. MacNicol, I think you wanted to ask Dr. Ells some questions about the tar sands.

Mr. MACNICOL: You will remember what we were trying to fix was the reasonable possible production quantities of oils from the tar sands. You have been up there, Dr. Ells, and you have made investigations, more than anyone else that I know of or have heard about. Now, I see from your brilliant article in the *Canadian Geographical Journal*, the issue of June, 1942—and I would suggest that every member of the committee might desire to go to the library and read that issue—and may I say that there are some pictures in it which Dr. Ells drew himself, I did not know that he was such a splendid artist—

The CHAIRMAN: And he is a poet too.

Mr. MACNICOL: You will see on page 263 a very excellent hand drawing of the second Abasand plant—this to me is just as though I were standing looking right at it—

Mr. BLACK: Mr. Chairman, I would suggest, if Mr. MacNicol would excuse me; why should we clutter up our records with a lot of extraneous material? If Dr. Ells wishes to make a statement in the light of developments since that article was written, it might be useful; but I think the article referred to constitutes an authoritative finding from him with respect to the future of these oil sands and I think we should have that in our records.

The CHAIRMAN: Let us hear from Dr. Ells first.

Mr. MACNICOL: May I continue, Mr. Chairman, from the point at which I was interrupted. I said this morning that Dr. Ells had estimated that the quantity of oil in that area was approximately 100,000,000,000 barrels of oil. Before I was able to explain that; or, rather to read what he said about the present recoverable amount I was interrupted, and you can read in the record that I said the amount which Dr. Ells said might be recovered would be practically 100,000,000,000 barrels. I did not say that Dr. Ells had said it would be. What I did say was that to the best of his ability—well, I will read just what he said; and then consider what I have to say about it and then we can hear the doctor on this subject

The area underlaid by bituminous sand is not less than 1,500 square miles in extent, and with the extension of transportation facilities, not less than 1,000 million tons (equivalent to more than 750 million barrels of bitumen) can be cheaply mined by open-cut methods. If some form of in situ recovery is eventually developed, the above estimate of potential production of bitumen can be increased to at least 100 billion barrels.

I am particularly interested in knowing what that term in situ means. We will ask the doctor what that means.

The CHAIRMAN: Dr. Ells, would you say something on that, as to the extent of the amount recoverable? Are you still of the opinion after your recent tour of investigation that we can develop production by open-cut methods to the extent of 750 million barrels of oil?

Dr. ELLS: I think the figures you have there are substantially correct. Of course, the tar sands or the bituminous sands, perhaps is becoming rather specialized investigation. There are four principle angles, the first of which is exploration, that comes first every time; next, mining; then the cost of separation, and finally we have the refining. I don't think anyone present is an authority on each of these four phases of this subject. I happen to know something about exploration and something about mining, and I know a reasonable amount about separation, but my knowledge of refining is entirely text book stuff, although I have been through a great many refineries—but matters of that kind in my opinion should be left to Dr. Warren's side.

When my first report was written a good many years ago—there have been probably fifteen or twenty reports altogether—since that time, I might emphasize one feature of these deposits, and that is that only after detailed

exploration by means of adequate equipment will tell the true value of any deposit be known. In other words, until the deposit has been thoroughly explored by proper equipment, such as core drills, no human being can say with absolute assurance how many millions or billions of barrels will be available commercially. Some years ago, in fact a number of years ago, I have done drilling and so on, sampling around the out slopes—as far as we could go with the equipment available—but that does not include all the large areas which lie back from the Athabasca and other rivers. Our exploration at the present time is reaching back from the river. We have the proper equipment and this year we begin this general exploration in a rather big way.

As regards the two estimates to which you refer, I think I am entirely safe in the figure of 750 million barrels by open methods. I think that can be demonstrated with reasonable assurance. Exactly where these are, what the estimates in acres, townships and subdivisions, are only a drill can definitely indicate. But I do believe that some figure such as 750 million will be approximately correct. As regards the other estimate which has been quoted, that is rather more definite, for this reason; a great many years ago, probably 25 years ago, or at least 20 years ago, the director of the then Mines Branch asked for an estimate of the amount of oil available in the tar sands. Well, a great many of them run from twelve to fifteen or sixteen or perhaps seventeen per cent bitumen, so I said pending further detailed further exploration let us assume an average of 10 per cent for a limited area, and that estimate worked out in the neighbourhood of 300 million barrels. I therefore used the factor of say three on the original estimate which brought it down to approximately 100 million barrels. And now, I believe, as in the case of the other estimates, that that estimate will be found to be reasonably accurate. But to be absolutely definite there is only one way to find out, and that is to core drill the various parts of the bitumen area and that involves a considerable amount of time and expenditure, but I think it will be necessary before any final answer can be given with assurance.

Mr. MACNICOL: Will you explain to the committee what you mean by that term "in situ"?

Dr. ELLS: "In situ" means in sight. The in situ system has been applied very successfully to sulphur in the Texas salt field. Over a great many years our sulphur was derived principally from Sicily where they used a very crude mining method; and partly from the by-products from various plants refining pyrites and so on. About twenty-five, or maybe it was twenty years ago, or possibly it may have been thirty years ago Mr. Herman Flash attempted to develop a process for the recovery of sulphur which underlies large areas in the Texas gulf area where it occurs in pockets of limestone at a very considerable depth and there was essentially no way of getting it out at that time, so Mr. Flash decided to try a method which is known as the in situ, or in place method. Under this method a hole was drilled down to possible 1,200 feet, down to where the sulphur is, and then they pump in water at a temperature of 400 degrees Fahrenheit to melt the sulphur which then comes to the surface as molten sulphur, 99 point something pure. It proved a tremendous commercial success and the company made a lot of money and produced a large amount, practically the whole world's sulphur—around 90 per cent of the whole world's sulphur requirement. Now, the same idea has occurred to me in connection with tar sands. In the tar sands area we have a similar situation in a great many places. The tar sands lie under a heavy overburden, several hundred feet of it, which obviously cannot be removed by mining methods; but if in some way we could separate that oil or bitumen out in place and bring it to the surface in a pure or semi-pure condition, we would obviate the cost and difficulty of mining and also to some extent the cost and difficulty of separating the sand from the oil or bitumen. Nothing has been done in that direction in a practical way. Some

suggestions have been placed before us and certain plans have been made, but so far nothing has been done. I think the idea of in situ recovery as applied to tar and sand has possibilities when the time comes to try it out. But actually, assuming that we have 1,500 square miles of sand in the field I doubt very much that we would need to give very serious thought to that method at the moment or that we would be able immediately to utilize that method. But, as I stated in that report, until you have some form of in situ recovery such as this only a relatively small percentage of the tar sands will be available for commercial use.

Mr. MACNICOL: The whole world has been looking at these tar sands of Canada. Writers have been writing in all sorts of magazines, and the world has got the idea we have the greatest oil resources in the world up in the Athabaska area, but to-day we have been informed it is not recoverable as great as we had been told heretofore.

The CHAIRMAN: Any other questions?

Mr. TIMM: Mr. Chairman, I do not think that is quite correct. We do not know.

Mr. MACNICOL: Mr. Ells has just finished up by saying that 95 to 98 per cent is not recoverable.

Mr. TIMM: We do not know what we have got up there. We hope we have, and it looks very probable that there is quite an extensive resource of tar sands in the area, but we have not got the facts yet.

Mr. MACNICOL: I sincerely hope we have because if we have not we have wasted a lot of time.

Mr. CASTLEDEN: It seems to me it is more of an engineering problem after what Mr. Ells has said.

The CHAIRMAN: The application of a method.

Mr. CASTLEDEN: It is an engineering problem. We must apply our engineering ability to the particular problem that rests there. What is underneath those tar sands?

Mr. ELLS: It overlies a bed of limestone. In the initial stages, of course, the first steps in production will be engineering problems. Then it becomes a problem for the technologist, but the first stages are entirely purely an engineering problem.

Mr. CASTLEDEN: What is the opinion of geologists as to the possibility of the presence of free oil in that area being underneath that limestone?

Mr. ELLS: The best opinion I have on that is from a gentleman by the name of Thompson in London, England. He is regarded in London as the dean of the petroleum geologists who are there and is a very outstanding man. Mr. Thompson's idea is that petroleum as free petroleum will not be found for reasons which can be stated. Apart from that a number of wells have been drilled into the tar sands—I have forgotten the exact number, probably 15 or 20—and in no instance have they got petroleum.

Mr. CASTLEDEN: What depth have they gone?

Mr. ELLS: They went right through to the limestone, well into the tar sand.

Mr. McDONALD (*Pontiac*): Did they drill into the lime at all?

Mr. ELLS: Yes, Hammerstein drilled into the limestone at McMurray to a depth of about 800 feet. He put down two holes, one 600 and another 800. He got no oil but he got a rather heavy bed of salt. He got no trace of oil.

Mr. McDONALD: What is the general nature of the country up there? Is it rocky with hills and mountains or is it level country?

Mr. ELLS: It might be called a peneplain. That is to say, it is a gradually sloping plain sloping from the east towards the Athabasca valley. The fall is very slight. It is scarcely perceptible unless you take levels over a considerable distance. The surface of the ground is largely covered by a bed of sand and that is covered by a heavy bed of muskeg, peat, moss and so forth. When you cross the Athabasca to the west you tend to get away from the sandy terrain and you get into clay subsoil but also covered by peat and muskeg and so on. The country may be described generally as level with minor elevations and low relief.

Mr. McDONALD: No rocks at all?

Mr. ELLS: Very few; the outcroppings of rock would not amount to 100th part of 1 per cent.

The CHAIRMAN: Any further questions?

Mr. BLACK: I should like to ask Mr. Ells what work he was doing this summer. He has been there each year since he addressed the Goods Roads Convention in Edmonton back in the late 20's. He gave a very interesting and instructive address to that convention, and a very optimistic address.

Mr. ELLS: Of course, since that time in 1930 our attitude towards the tar sands has changed. At that time we were considering the tar sands primarily as a source of paving material. That is to say, the idea was to take the tar sand, heat it and mix it and lay it. Whether that is a feasible thing depends entirely on the freight rates which we can get from the railway companies. In the United States you have a sand and gravel classification, the lowest classification, a little under half a cent a ton mile, and they are doing a fairly big business using the natural material without any treatment whatever, except heat.

Mr. BLACK: The quality of the deposit there for paving purposes is satisfactory?

Mr. ELLS: Oh, it is satisfactory, entirely so. It is an excellent paving material. As regards the other question, this year my principal work consisted in looking after the core drilling I spoke about a few moments ago; in other words, prospecting the tar sands by core drilling; the other was giving some consideration to the development of a natural gas field in the neighbourhood of McMurray. It has been thought by some that if we have natural gas there it is going to be a distinct advantage in developing the tar sands as a source of heat and power and also the possibility that it may induce other industries to open up in that field. The indications of natural gas appear to be fairly good. We have made some surveys and located sites for wells, and so on. Then we drilled a large number of holes in order to check the deposits of salt.

Mr. BLACK: What were the general results of the investigation and drilling in the tar sands this summer?

Mr. ELLS: We only were able to drill part of one area. There are a great many subdivisions or sub-areas in that field that promise a suitable tonnage of material for the plant. We tested part of one of these areas. In some ways results were encouraging but in some other ways they were discouraging. The tar sands were laid down under varying conditions and you get great variation in the quality of the material. In other words, you will get 10 feet of tar sand and then you will get a foot of clay and another 3 feet of tar sand and more clay. In almost every hole it is a different story. I think it is only by getting the drilling in some detail you are going to get the really correct answer. As against that I think that like any other engineering problem there must be an answer. That is to say, where we encounter clay I feel it would be possible to develop a method that will eliminate the handicap and difficulty of having that clay mixed with the sand.

Mr. BLACK: Is there any oil content in the clay?

Mr. ELLS: No, the clay is a very tight clay free from oil. There is a very insignificant trace but it would be a very small fraction of 1 per cent.

Mr. BLACK: What was the largest percentage of oil in your investigation this year?

Mr. ELLS: The largest individual sample ran about 17 per cent.

Mr. BLACK: What would the average be in the material that would have to be excavated if it were operated at all? What would the average be?

Mr. ELLS: I do not think right now offhand I could answer that question. If you were to analyse every hole and average up the content you would get a different answer for every hole, and to lump that together and average up the field, while we have a good deal of data that data has not yet been summarized in such a shape to give the answer.

Mr. BLACK: Does that mean there is no dependable supply there?

Mr. ELLS: The aggregate tonnage of good sand is very large but also unfortunately the aggregate tonnage of clay is very appreciable, too. It boils down to this, that if you have too much clay mixed with the sand or associated with the sand I do not think a process will handle it, but if you have say up to a maximum of 10 per cent clay and 90 per cent sand I think a process can be developed that will handle it. It really comes down to this; we have to determine what percentage of clay a process will handle and then go ahead and core drill areas and find how much clay there is. Then we will have the answer.

Mr. BLACK: How long would it take to make that survey and what would the cost be to demonstrate over an area that would warrant a major development?

Mr. ELLS: Drilling costs are fairly high compared with diamond drilling of solid rock. I would say in the next year or two we will have our costs down to something like \$4 or \$5 a foot. This year we drilled approximately 3000 feet. It was a short season. We had not perfected the method of drilling at the beginning, not until late in the season, but with the perfected method of drilling such as we have now, and with perhaps 4, 5 or possibly 6 drilling rigs—they are very light machines—I think we could get the answer in the McMurray field in possibly three or four years. We could not drill the whole area but if we drilled eight or ten of what we know are the most promising areas that would either tip the scales one way or the other. I think it would give us all the information we would need to pass judgment on that field. I will say four years of intensive drilling.

Mr. Ross (*Calgary*): Do you use rotary drills, or what kind of drilling do you do?

Mr. ELLS: Yes, we use rotary drills of about 30 revolutions, a 2-inch core barrel, and we get very good samples.

The CHAIRMAN: Any further questions?

Mr. MACNICOL: We have been working on this field for about thirty years.

Mr. ELLS: There has been a lot to do, Mr. MacNicoll.

Mr. MACNICOL: We are still not certain of more than a billion barrels of oil in sight by easy extraction methods.

Mr. ELLS: I might mention this in explanation. To all intents and purposes the Department of Mines largely discontinued field exploration in 1930. It was thought when Max Ball took over control of the area as he did at Abasand that he was going to go right ahead with all this field work. We felt we had done enough. We had done a tremendous amount of surveying and prospecting and all that sort of thing and the department quite rightly

thought we had done enough. We thought Max Ball could stand on his own feet. We rather sat back and let him carry on. Things did not turn out quite as well as we had hoped so this year we got back in again. For a period of twelve years we did not do very much field work.

Mr. MACNICOL: Have you any idea of the quantity or number of barrels of oil that the Max Ball engineers determined or decided were on the block of land that he got an option on or made a survey on down the Athabasca?

Mr. ELLS: He has never made an estimate. He made an estimate on the Horse river block, the place he is working now, which was something over 5,000,000 barrels. My estimate was 3,500,000. He said I was too low and he put it up nearly 2,000,000 barrels, but down the river Max Ball has never prospected his ground so anything he would say about that would be a matter of guesswork.

Mr. MACNICOL: The engineers he sent down the river a couple of years ago did not make any real survey?

Mr. ELLS: They did not make any real survey. They merely did some preliminary superficial surface exploration. They did not go into that all.

Mr. Ross (*Calgary*): Is this an unusual field, or are there other fields like it in other parts of the world?

Mr. ELLS: There are other fields which are very similar but this is very much the largest field of its kind anywhere. There is a rather interesting sidelight. In California there are a number of these deposits. They are all small. A 300-acre block is considered quite large as against our very large mileage, but this year the Union Oil Company of California, which is one of the largest companies, is commencing to core drill their tar sands with a view to getting oil from them. California is producing 800,000 barrels of oil a day.

Mr. MACNICOL: From tar sands?

Mr. ELLS: No, but they are really taking steps to see what they can do about getting oil out of the tar sands. A man named Myers, the chief geologist of the Union Oil, came up to see me and told me all about it. They have two drills going all the time core drilling the tar sands.

Mr. BLACK: Has the process for the third stage, separating the sand from the bitumen, been perfected until it is accepted as being satisfactory?

Mr. ELLS: I do not think you can say it has been perfected, but it is perfected to this extent that it will turn out a fairly satisfactory process at reasonable cost. I am satisfied in the future that they will very much further improve that process, but it is today a workable process.

Mr. BLACK: What percentage of the oil are they able to recover now?

Mr. ELLS: Tailings content, something under 1 per cent of oil. They get a fairly clean residue, very little oil.

Mr. BLACK: Have these results only been obtained in recent years or obtained for several years?

Mr. ELLS: Several years; the Abasand Company commenced the investigation of this process in 1930 and 1931 and they put up the first plant in 1936. They did about five years laboratory work before they went into the plant.

Mr. BLACK: That third stage offers no serious problem in separating the bitumen from the sand?

Mr. ELLS: No. At first they had trouble but now they are getting reasonably good results, and while we do not know exactly what the costs are because they have only run intermittently it looks as though the production cost would be reasonably low.

Mr. BLACK: What about the second stage, the quarrying? You said the first stage was discovering and locating the field and the second was to quarry.

Mr. ELLS: I think the manner of quarrying this material has been rather misunderstood. There are two stages. First of all, of course, is the quarrying proposition. You take off the over-burden, gravel, sand, clay, whatever it happens to be and then after you have stripped the over-burden off you mine the tar sand itself. Obviously the removal of the over-burden has nothing new about it. In the United States they are stripping some three or four hundred million yards of over-burden every year in various localities. It is an old established custom. The equipment is all standardized and there is nothing novel about it. When you have removed the over-burden then you have to mine the sand. We have developed a very inexpensive method of drilling the sand by steam, that is, putting a hose down. The cost is not excessive. I have records and costs on a great many holes and some thousands of tons. It apparently runs well under 10 cents a ton for drilling and mining. The real problem is not the removal of the over-burden or the mining of the sand. It is to get areas where you can waste your surplus material or over-burden and your spent sand and your tailings from the separation unit. I am optimistic that ground can be found for that, but the mining and over-burden end of it is, in my opinion, not a difficult matter. It is being done every day of the year.

Mr. BLACK: What has been the cause of so much delay and expense in all these years, especially in the last year or two when the stuff was so urgently required and we have got such unsatisfactory results?

Mr. ELLS: As regards the Abasand, I do not want to, and I would not for the world reflect on Mr. Ball; but we have seen many examples of where technologists such as Ball, who is a geologist, have gone into the commercial field and they did not seem to have the right mental outlook and with the best intentions in the world they make mistakes and do not seem to get results. I do not think that is any reflection on Mr. Ball but that is really what happened. He is an excellent petroleum geologist, I understand, but when he came to the commercial companies he did not seem to get results.

Mr. BLACK: Going back to the records that have been made you say some major mistakes that have occurred.

Mr. ELLS: There have been mistakes, yes; no doubt of it, there have been mistakes.

The CHAIRMAN: Is there anything further?

Mr. MACNICOL: Did I understand you to say they are producing 800 barrels a day at the California tar sands field?

Mr. ELLS: No, you did not quite get that. The daily production in the United States is 780,000 barrels a day in California.

Mr. MACNICOL: What is the daily production from the tar sands?

Mr. ELLS: In the face of that very large production the Union Oil Company has already begun to drill up and prospect their tar sands deposits.

Mr. MACNICOL: They are not exactly producing anything?

Mr. ELLS: With a view to possible production of oil later on. Two engineers came up to look into the separation process at McMurray this year. They seemed to be taking it up quite seriously as a source of oil. The total area they have now is approximately 280 acres and with 280 acres they are going right ahead core drilling at close intervals to try to develop a method of production.

Mr. MACNICOL: Have you been on the California tar sands field?

Mr. ELLS: Yes.

Mr. MACNICOL: How do they compare with ours?

Mr. ELLS: If you walked from one to the other straight across you would not see any change at all; you would think you were in the same bed of sand, very similar.

Mr. MACNicol: I made an observation this morning to the effect that I said I thought I really did not know how many acres Ball told me he had. I thought it was so many thousand acres of tar sands.

Mr. ELLS: He has the right or the option to six square miles, 3,840 acres.

Mr. MACNicol: Of tar sands?

Mr. ELLS: Ball has 500 acres of tar sands.

Mr. MACNicol: Does that take in the Horse river site?

Mr. ELLS: The Horse river.

Mr. MACNicol: Incidentally, high grade?

Mr. ELLS: Very good country, yes.

Mr. MACNicol: You are not back very long, are you?

Mr. ELLS: About a month.

Mr. MACNicol: There is a mill being constructed there now?

Mr. ELLS: I believe so.

Mr. MACNicol: Is it on the same site as the old mill?

Mr. ELLS: Practically the same site; it has been moved a hundred or a hundred and fifty feet away from the old mill site.

Mr. MACNicol: At the last session of parliament we were told the mill was to be used for the making of asphalt, particularly asphalt for the Alaska highway. Do you use the same process to manufacture asphalt as oil?

Mr. ELLS: Same process for turning out asphalt, oil, gasoline and so on. But if you are going to produce merely asphalt then you do not need to have a complete refinery to produce the other units. Whether that is going to produce solely asphalt, I do not know, that is a matter of policy.

Mr. MACNicol: You do not know what that mill is going to do?

Mr. ELLS: I think they are going ahead. Is not the idea to produce all the different fractions, gasoline and so on?

Mr. MACNicol: Are they still going to use the same method of extracting?

Mr. ELLS: The same.

Mr. MACNicol: The same as Ball used?

Mr. ELLS: Yes.

Mr. MACNicol: In what way are they departing from the Ball method?

Mr. ELLS: Well, the modifications have been designed and developed by Mr. J. M. McClave. I think you met him up there. I think it would be very difficult to explain the minor revisions in the original process. With a flow sheet on the table I could point out the different changes that he has introduced but without a flow sheet or a diagram it would be very difficult to explain them. It is essentially the same process with minor modifications.

Mr. MACNicol: We were told here this morning, if I remember correctly, that the mill built by Ball a year or so ago had been pulled down.

Mr. ELLS: Yes, that is correct.

Mr. MACNicol: For what reason was the mill pulled down if you are going to use the same process?

Mr. ELLS: For one reason, certain parts of the structure were not quite substantial enough, some of the members of the framing. Then they had to take precautions against the fumes which used to accumulate and which ultimately set fire to the place, safety precautions and so on; and thirdly the intention was to enlarge or increase the through put capacity to 600 tons. Lumping all these things together it seemed it was better to take the bull by the horns and pull the old mill down and put up a new one. I think the idea was a good one because to try to revamp a mill of that kind would be an awfully difficult thing to do.

Mr. MACNICOL: Mr. Ball rebuilt his last mill and increased the capacity from 150 to 200 barrels to 600 barrels a day.

Mr. ELLS: It was equipped to handle 400 really, it would not be 600.

The CHAIRMAN: Are there any further questions to ask Mr. Ells?

Mr. BLACK: I do not know if it would be proper to ask Mr. Ells if he has any recommendation to make to this committee to develop our natural resources in the construction period during which time we hope to take care of our returned men and men from the war industries. Has he sufficient confidence in his exploration to make a positive recommendation to this committee as to what he thinks should be done in developing what is considered up to now one of Canada's great natural resources and one of the great natural resources of the world. Personally I am not so sure, after hearing the evidence this morning and his statement this afternoon. I should like Mr. Ells to give us his ideas as to what should be done to develop these oil sands, looking to the future.

Mr. ELLS: I rather think I would prefer to give that some little thought and send in a statement in writing. That is one of those things it is very difficult to say off-hand without giving it very careful consideration. There have been too many of these snap judgments made on the tar sands and as to what should be done. I should not like to make a statement on that at the moment.

Mr. BLACK: I think that is a proper reply. I want to point out that he is looked upon as a great authority with respect to the potential value of these deposits and his recommendations have been accepted by the Canadian people. It is only reasonable that he might change his opinions as explorations have been continued. I should like very much to have an up to date report from him.

Mr. ELLS: If it is agreeable to you, sir, I would rather leave it that way, if it seems desirable, and send in a written statement.

Mr. BLACK: Then when may we get it from Mr. Ells, Mr. Chairman?

The CHAIRMAN: Whenever Mr. Ells sends it in. When can you do it?

Mr. ELLS: At the end of the week.

The CHAIRMAN: If the committee wishes, we could put it in the record.

Mr. McDONALD (*Pontiac*): In the mining process of the tar sands, what do you do with the over-burden? Suppose you have 30 feet of over-burden before you arrive at the sands, how do you get the tar sands out; do you have to remove the over-burden?

Mr. ELLS: You have to remove the over-burden clear away to the tar sands.

Mr. McDONALD (*Pontiac*): It becomes a big problem where to place it?

Mr. ELLS: In some places it is a serious problem, in other places you have lots of vacant land, low river bottoms and so on. There it is no problem at all but there are cases where it is a very serious problem.

Mr. CASTLEDEN: At what depth are they mining the tar sands?

Mr. ELLS: The beds vary in thickness. At present they are mining a bed about 40 feet thick. In other places beds up to 70 or 80 feet are available; but you might say they range anywhere from 25 to 75 or 80 feet. It varies all over the place. A great deal of erosion has taken place and the surface of the tar sands is irregular in shape.

Mr. BLACK: As you get lower in the bed is the bitumen content lower or richer?

Mr. ELLS: Almost invariably the lower the horizon the richer the material.

Mr. MACNICOL: When I asked Mr. Ball what he was going to do with the over-burden if he went down to the lime stone he replied, I will just put the over-burden in the hole from which I had taken the sands?

Mr. ELLS: That was his original idea. Then he came to the situation where he had to dispose of his sand tailings, and the sand tailings were going to take up as much space as he excavated, therefore he could not do that.

Mr. MACNicol: I am not going to forget about the tar sands. The whole country has been led to believe that there is a vast oil deposit there. Part of that opinion may have come from Mr. Ball himself who was the only one who was really operating out there. I should like to have Mr. Ball here. I do not know where he is.

The CHAIRMAN: You could not have him at these series of meetings, you may at the next session.

Mr. MACNicol: I should like to get his opinion as to whether we should continue or not. The committee is ready to meet these gentlemen here as to what should be done. In that regard I shall reiterate what I said this morning about the salaries of our geologists. They did not mention their own salaries, but unless this country wakes up and pays its own engineers salaries commensurate with what they are paid in the United States we will lose them; they will be going over there. We do not want to lose what we have. We have as good men here as they have anywhere in the world, but they are not paid the same as like men are paid elsewhere.

I am still convinced from what I have read, and I have read much and travelled a lot, that there is a vast quantity of oil there. The Doctor has been very careful. Engineers are always rather careful in what they say; they are not like a member of parliament in that regard. They always want something to fall back on. When he says there are a billion barrels of oil there that is still a lot of oil. If there are only a billion barrels of oil there his department I am sure would like to look into the development of some method to get the oil out of these deep beds. Once we have arrived at a method of doing that we may find that there are 100 billion barrels of oil there. I feel this country has a great asset there in spite of what has been said. Because I am Scotch I do not quit easily and I am still going to believe we have got a lot of oil there.

The CHAIRMAN: I may say this with respect to the evidence we have heard to-day. I do not think it throws any doubt on the presence of oil in very large quantity, but it may throw doubt on the practicability of devising methods that would give us the oil from those deposits. I want to reiterate what I said this morning that the whole northwest country has had so much attention directed to it during this past year and a half that it is in absolute need now of a proper survey so that in the future—to use the same term I used this morning—we will be able to distinguish propaganda from the true possibilities of the country. We want to know what is in the country. I am assuming we have no further questions.

Mr. PURDY: These gentlemen have given us information on the oil situation in the west. I wonder if they can give us any information on the oil situation in the Maritime provinces and the methods of production of oil from shale?

Mr. TIMM: Mr. Chairman, last summer we investigated the oil shale deposits of New Brunswick, what was supposed to be the principal occurrences at Rosevale, Taylor Village and Albert Mines. We did a large amount of diamond drilling and the results of that I believe were tabled by Mr. Crerar in the House and could be obtained there. But briefly it was this: The Rosevale deposits were not very promising; Taylor Village was worse. In Albert Mines there were something like 2,000,000 tons of oil shales that would contain better than 20 gallons to the ton, something like 60 some odd million tons that would contain 12 to 14 gallons to the ton and probably in the neighbourhood of 100 million tons that would contain 10 to 12 gallons to the ton. Now, the mining and recovery of oil from oil shales has been found to be uneconomical in any country in which it has been tried, and it has been tried in quite a few. In most places where the content of the oil was much greater than anything we found down in New Brunswick—in fact I recently read a report on the development that had taken place in Australia, and there they had lost money

on treatment of 80 to 100 gallons per ton of shale; therefore the report we presented to our minister, and it was presented in the House, was very unfavourable.

Mr. PURDY: Does the experimenting on shale present the same problems as on sands?

Mr. TIMM: I believe the United States government are going to undertake the development of their western shale beds again. They had done some work several years ago and I think did recover about 20 gallons per ton out of the shales which ran 50 to 60 gallons, and then they abandoned it.

The CHAIRMAN: They are going to go ahead again in the same field?

Mr. TIMM: Yes, and to put up one of these hydrogenation plants. That is for future protection.

Mr. JEAN: Nothing has been done in Quebec?

Mr. TIMM: No.

Mr. BERTRAND: Was there anything done on the Gaspe Peninsula?

Mr. TIMM: No; there has been some drilling by private companies down in Gaspe, but nothing by the department.

Q. (To Mr. Timm): Are you putting in your own building in addition to the one that is there now?—A. Yes.

Q. That would not mean moving your present hydrogenation equipment, would it?—A. We will probably move it into the new building.

Q. Would you not need to have much larger equipment?—A. Yes, that is quite true.

Q. They are going to carry on your experiments in connection with coal and oil sands both?—A. Quite.

By the Chairman:

Q. Would you be able to carry on your researches into oil shales and domestic coals at the same time; would one conflict with the other?—A. As far as the small scale plant is concerned, equipment such as we have and which we hope to have in the new building, we will probably be able to carry on a couple of investigations of various products. When we were producing in the larger experimental plant we could only carry on one at a time.

By Mr. Castleden (To Mr. Timm):

Q. How many prospecting parties have you in the field working in connection with fuel; I mean, how many did you have last year?—A. I just forget, I think we had ten or twelve parties out last year.

Q. And that is for the whole of your department or is that just in connection with fuel?—A. No, those are our geological parties.

Q. And geological parties do surveying and prospecting?—A. Regular mapping work and reconnaissance, survey work in the oil fields of the west.

Q. Just the oil fields?—A. No, I do not mean to say oil fields alone, but any fields which look favourable for finding oil.

Q. Does that include the Northwest Territories?—A. We have no parties out in the Northwest Territories.

Q. Do you have any other prospecting?—A. Yes, we have two parties prospecting in the Northwest Territories and doing geological work in the north last year.

Q. Are all the members of these parties under your department, or some of them from private mining companies along with them?—A. No, they are all under our department. Private mining companies have their own prospectors and geologists also.

Q. Are the findings and results from these prospecting parties made available to the public?—A. They are made available to the public.

Q. They are published?—A. Yes.

Q. With the details of all the findings?—A. Yes.

By Mr. McDonald (Pontiac):

Q. What about the mining development carried out in the Northwest Territories last year, are the results of that available?—A. Last summer there were two geological parties in the Northwest Territories and they uncovered quite a number of deposits—occurrences, I should say—as some of you will remember, such as tantalum, spodumine—and some of the other metals such as tin. What these will develop into I cannot tell. It is too early to say.

Q. And they are finding radium up there too?—A. Yes. The only radium mine which we have up there is the one at Great Bear Lake, that is the only one operating in Canada.

By Mr. MacNicol:

Q. I was going to ask you this, your parties are composed largely of students from the universities?—A. We generally have one geologist who is a senior man, probably he is a graduate, say working for his Ph. D. degree, and he will probably have with him a couple of students who are under-graduates.

Q. But they are trained men?—A. Yes.

By Mr. Jean:

Q. Do you make any surveys in the provinces where natural resources belong to the provinces?—A. Oh yes, we have our geological parties throughout the Dominion whether they are in provinces owning the resources or whether it happens to be the Northwest Territories.

Q. Do you have to get permission for that from the provincial authorities?—A. Not necessarily, research of that type is recognized as a function of the federal government.

Mr. MACNICOL: And you turn your reports of findings over to the governments of the provinces?

Mr. TIMM: Yes.

There was one point I wanted to make, if you will excuse me, with regard to what Dr. Ells has said about the tar sands. He is very optimistic at the moment with regard to the finding of the tar sands. Personally, I am not quite so optimistic. I think that too has to be proven. I do not think Mr. Ball of the old Abasand Company had carried on for a long enough period. We have never tried his method in the winter time. We do not know whether that mining method is going to work in the winter time. And, as I say, even in the summer time I do not think Mr. Ball had his plant running long enough for us to be sure that that mining method was going to work.

Mr. MACNICOL: It is not a mining method, it is just using gunpowder to blast.

Mr. TIMM: Yes, that is true; but I would say just one point there, after the tar sands were broken up, it was found that it all cracked up in the atmosphere and has a tendency to crumble away and go into small lumps. Whether that is an important point or not—

Mr. MACNICOL: I think perhaps you are right as far as winter is concerned, but from what I saw—the last day I was there they blasted perhaps 50 holes at one crack, and when that stuff fell apart it was fairly slack, to some extent. You could put a shovel in and shovel it on to the trucks and handle it that way.

Mr. TIMM: I am just referring to that point because I do not want you to come back some years later and say, we told you the mining program was all solved; I claim it has not been done long enough, do you see, to be sure of the method.

Mr. MACNICOL: I will not say that you are not right. All I can say is as to what I saw of blasting and loading the stuff on to the trucks and from the trucks on to the belt into the mill. It all looked pretty good to me, but I am not a geologist or an engineer of that sort and I do not claim to know anything about that end of it.

Mr. TIMM: I thought it best to bring that point up because you know what Abasand did before that, the method of mining using saws and so forth; and even that would be a very promising looking method.

Mr. MACNICOL: I saw that.

Mr. TIMM: Until they find out these difficulties to which mention has been made; that is why I claim we have not been following this mining method for a sufficient length of time to be sure that it is going to work.

Mr. MACNICOL: They claim it gave good satisfaction but the sand in a very short time wore out the planers, and the round hard balls called nodules of the sand broke off the planers with the result that they were shut down too frequently to put in new planers, and from that they went to blasting. And, as I said this morning, they deserve a lot of credit, they are pioneers. In addition to that, for some time they have had working in association with them Dr. Ells who was up there a great deal and who has given them invaluable advice; as a matter of fact, they all spoke very highly to me of Dr. Ells' assistance. And while as Dr. Ells himself says, there is a lot to be learned, I still believe that we should be optimistic about our great resources we have up there.

Mr. CASTLEDEN: I would like to know whether or not the research department have done anything in regard to other methods of getting that out, such as forcing heat down through the area there and exacting it from the sands in that way, has any thought been given to that?

Mr. HAANEL: We have not actually done any work along those lines but we have had certain schemes presented to us which we have looked into and reported on, and with respect to all the schemes which we have examined we have found that they are not economical, they could not be carried on commercially.

Mr. CASTLEDEN: Present methods do not seem to be economical with the clearing of the overburden and difficulties of that kind.

Mr. HAANEL: I do not think we should have that opinion. Dr. Ells a little while ago was speaking of the extraction of bitumen in situ. His method was to pump down hot water or even cold water. That is not the method referred to. There has been a method proposed of putting down holes and to use heating methods melting the bitumen to such an extent that it can be pumped out of some other hole. We have looked into that, but we think that the amount of heat which will be necessary will be too great to be practical.

Mr. MACNICOL: May I ask Dr. Ells one further question; Doctor, I said this morning that I had read sometime prior to 1936 or 1935 that a considerable quantity of tar sands had been sent to England for testing under the Freeman process of extraction of oil from the sand; have you ever heard of that; or, have you any recollection in regard to that having been done?

Dr. ELLS: I have heard of it but I think the results have not been given out.

Mr. MACNICOL: Have you any recollection of the sand having been sent to England?

Dr. ELLS: No, I have not any definite recollection. I do recall that some years before that there were two carloads sent over to England, to Cardiff, Wales, and a rather large amount of money spent in testing a method—I think about \$500,000.

Mr. MACNICHOL: It was sent over to Cardiff?

Dr. ELLS: Yes, two carloads; I shipped them myself.

Mr. MACNICHOL: What was the process used?

Dr. ELLS: It was a secret process; it was so secret that the work was all done under the surveillance of the Metropolitan police and nobody was allowed near the plant. They did not give anything out. The two men working on it, as I recall, died, and nothing was given out about it.

Mr. MACNICHOL: The report I had said that it was the Freeman process that tested the tar sands.

Dr. ELLS: It may have been.

The CHAIRMAN: I will ask Mr. Timm if he has any further word to say, or either of the other gentlemen; they might wish to say something which would clarify any of the points which have been raised. I would ask Mr. Timm if he wants to say anything.

Mr. TIMM: There is only this point, which I think we have brought up before the committee pretty thoroughly; and I hope they realize that there are a great many problems ahead to be solved with regard to the extraction of oil and petroleum products from the tar sands; and I hope that they will not expect these problems to be solved within the immediate future. Problems of this nature take years before they are solved and commercial plants established.

Mr. MACNICHOL: There is one further question in regard to the tar sands; does not the thickness of the tar sands correspond very closely with the thickness of the ordinary coal seams; Dr. Ells stated that there were layers?

Mr. TIMM: Yes, there are two layers.

Mr. MACNICHOL: Yes, and the ordinary tar sands also; there are different thicknesses there also in the coal mines.

Mr. TIMM: Sometimes you will find several coal layers each on top of the other particularly in the large scale lignite fields and one particular seam will be commercial and the others will not and they would just mine out of the commercial coal. But I do not know how you would apply that to tar sands, whether you could mine out the rich layer of the tar sands and leave the poorer layers there. I doubt whether it could be done.

Mr. MACNICHOL: If you mined it by the open-cut method, I suppose the cuts would go down 75 or 100 feet.

Mr. TIMM: I imagine in the case of coal it is practically the same quality.

Mr. MACNICHOL: One layer after the other.

Mr. TIMM: Yes, but you get a thick seam of coal.

With regard to the main questions that we are here for to-day; namely, that of the experimental hydrogenation plant at our Booth street laboratories in connection with our fuel research laboratories. I am very pleased to hear that the committee are much in favour of the government proceeding with such a proposal as outlined by Mr. Haanel this morning. I am sure our Deputy Minister and our Minister will be pleased to know that.

Mr. BLACK: I think, Mr. Chairman, that certain work might be done on the inferior qualities of coal to determine the extent to which they might be utilized in this way.

The CHAIRMAN: I understand that will be part of the study of this group when they are properly equipped.

I think I can assure you that everybody who has taken part in the discussion to-day is in favour of providing you with whatever you require to carry on your research work, and I think that this talk to-day has really been of great advantage to us, not simply because you brought us down a little out of the clouds on to the earth but because we are beginning to realize the necessity that first things come first and that we will not properly develop our resources until we have a proper approach.

That will be all for to-day.

To-morrow morning at ten o'clock we will have further evidence on agriculture. You will remember that before adjournment of the House we had some evidence on agriculture and to-morrow we are proceeding to take up from where we left off on that subject at that time.

Mr. BLACK: Is there anything in sight for Thursday or Friday?

The CHAIRMAN: Thursday we will meet at ten o'clock in the morning, when Premier MacMillan from Nova Scotia will be here. Premier MacNab from New Brunswick will be in at noon of that day, and I think Premier Jones will be along at the same time. I thought in those two days we could get the story of the Maritime provinces. So far as Friday is concerned, we will have to wait and see how Thursday develops.

Mr. BLACK: Are we to hear from the other provinces? We have not heard from Manitoba, Quebec, Ontario, Saskatchewan or British Columbia.

The CHAIRMAN: We will have had five of the provinces when we are through this week, after the Maritimes have been heard. That will leave us with the other four. British Columbia will be ready to come down very shortly after the House opens about the end of January. As to the other provinces, I am not just sure when they can come. I know that Ontario will be ready to come sometime during the session. The Premier of Saskatchewan tried to meet our convenience at this time but it was only after we had got the various dates set that he found that he could not come until later in the year and felt that he would sooner wait until after the end of the year. As a matter of fact, that was true of the Maritime provinces also. You see, after we invited the provinces to appear before us, they started committees of their own working in order to advise them; or to inquire first and then advise them; as to conditions in each of the provinces. British Columbia before that had appointed a Rehabilitation Council, as they call it, and they were pretty well prepared and expected to come down here. The other provinces are not ready, but as the chairman I appreciate that they are willing to come and give us the benefit of what knowledge they have so far derived from their studies. They may want to come back later, next session, to complete the information for us.

The Committee adjourned at 4.35 o'clock p.m. to meet again to-morrow, December 1, 1943, at ten o'clock a.m.

APPENDIX "A"

OTTAWA, December 7, 1943.

James Gray Turgeon, Esq., M.P., Chairman, Reconstruction and Re-establishment Committee, House of Commons, Ottawa.

The following comment refers to a request submitted by Mr. P. C. Black, M.P., for information relative to possible future development of the Alberta bituminous sands and the possible bearing of such development on post-war employment.

1. Exploration by means of core drills.

Since 1913 I have repeatedly emphasized the fact that only detailed exploration by the use of adequate drilling equipment will indicate the true economic importance of the bituminous tar sand deposit.

A beginning of such exploration by means of core drilling has been made and useful information obtained. The area drilled has, however, been of limited extent and further core drilling is desirable.

It is suggested that the program to be carried out in 1944 should include the operation of 5 core drills. Such a program would involve the employment of the following personnel:

Personnel employed on drills	35
" " " transportation (including boat-men)	5
" " in cook house	5
" " on topographical surveys	6
" " " reconnaissance	3
Total	54

If results obtained in 1944 should prove to be encouraging, a program of further drilling should be undertaken.

2. Possible employment in connection with commercial development of the bituminous tar sand deposit.

At the present time demonstration separation and refining units with a throughput capacity of approximately 600 barrels per day are being installed near McMurray. When completed in 1944, the plant should provide employment for from 75 to 100 men.

Subsequent large-scale commercial operations,—as, for example, the treatment of 10,000 tons of bituminous sand per day,—will depend on two conditions. These conditions are:

(a) That suggested exploration by core drilling definitely prove up an adequate tonnage of bituminous sand of commercial grade.

(b) That the cost and other data obtained in connection with the operation of the demonstration plant now being installed near McMurray indicate that production of various petroleum products from bituminous sand is commercially feasible.

Until information indicated under (a) and (b) is obtained it would be unwise to attempt to indicate the number of men who might ultimately be employed in connection with large-scale development of bituminous sands.

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Canada. Reconstruction
Special Committee, 1943-44

SESSION 1943

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 34

WEDNESDAY, DECEMBER 1, 1943

WITNESSES:

- Dr. W. D. McFarlane, Professor and Chairman, Department of Chemistry,
Macdonald College;
Dr. W. H. Cook, Director of the Division of Applied Biology, National
Research Council, Ottawa.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

WEDNESDAY, December 1, 1943.

The Special Committee on Reconstruction and Re-Establishment met this day at 10 o'clock, a.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Authier, Bence, Brunelle, Bertrand (*Prescott*), Black (*Cumberland*), Castleden, Eudes, Ferron, Gillis, Harris (*Danforth*), Hill, Jean, MacKenzie (*Neepawa*), MacNicol, McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—27.

The Chairman introduced the witnesses for to-day, who were:—

Dr. W. D. McFarlane, Professor and Chairman, Department of Chemistry, Macdonald College; and

Dr. W. H. Cook, Director of the Division of Applied Biology, National Research Council, Ottawa.

Dr. MacFarlane was called and examined.

Dr. Cook was called and examined.

The Chairman having to leave for a time Mr. Hill presided. Later the Chairman returned and resumed the Chair.

The witnesses retired and the Committee adjourned at 11.55 a.m. to meet again at 2.30 p.m. to-day.

WEDNESDAY, December 1, 1943.

The Committee resumed at 2.30 o'clock, p.m. Mr. Turgeon presided.

The following members were present:—Messrs. Authier, Bence, Bertrand (*Prescott*), Brunelle, Castleden, Eudes, Ferron, Gillis, Harris (*Danforth*), Hill, Jean, MacKenzie (*Neepawa*), McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross, (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—25.

Dr. McFarlane and Dr. Cook were recalled and further examined.

The Chairman had to leave for a while and Mr. McDonald presided. Later the Chairman returned and resumed the Chair.

Mr. Turgeon informed the Committee that he had asked Dr. Barton, Deputy Minister of Agriculture to submit a statement presenting his Department's view of the effect of the new British bacon contract on the post-war trading position of Canada. He also stated that he had been unsuccessful in an endeavour to communicate with the Minister of Agriculture during the noon hour.

The witnesses retired and the Committee adjourned at 4.05 p.m. to meet again Thursday, December 2, at 10 o'clock a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

December 1, 1943.

The Special Committee on Reconstruction and Re-Establishment met this day at 10 o'clock a.m. The chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: Gentlemen, we have here to-day Doctor W. D. McFarlane, Professor and Chairman, Department of Chemistry, Macdonald College, and Doctor W. H. Cook. Doctor Cook is Director of the Division of Applied Biology of the National Research Council at Ottawa. Last summer he was loaned to the British Ministry of Food to accompany a Mission to South America in connection with the processing and transportation of foods.

We were to have with us this morning Doctor Barton, Deputy Minister of Agriculture, but as it turned out it was impossible for him to be with us to-day; therefore we are placing Doctor McFarlane and Doctor Cook at a very heavy disadvantage because they were to follow the evidence given previously by D. G. MacKenzie who dealt with agriculture. You remember, first he gave a statement and on his second visit he answered questions. I am going to call on Doctor McFarlane first and then Doctor Cook but first of all as Chairman of the committee I am going to apologize to them for the position in which they find themselves this morning because they really thought they could sit back and hear a statement and then proceed with whatever arose therefrom. They have not got the benefit of that statement, but I know they both have read—I do not know how deeply—Mr. MacKenzie's evidence, and they will be prepared later on to answer any questions relative to agriculture in any part of Canada that may be directed to them.

Now, Doctor McFarlane, will you do your best under the peculiar circumstances in which we have placed you.

Mr. HILL: Before you take the evidence to-day, I think there is some evidence that should be put on the record in regard to yesterday's evidence. I should like you to have the Clerk of the Committee write the three witnesses who were here and ask them if they had ever been on the ground of the Alberta tar sands location and if they knew anything about the location or were they speaking purely theoretically.

The CHAIRMAN: Mr. Timm has been on the ground. I asked him that yesterday.

Mr. HILL: What about the other two?

The CHAIRMAN: The other two have not been on the ground, but Mr. Timm was, and Mr. Ells, of course.

Mr. HILL: I was wondering if we were getting evidence from practical men.

The CHAIRMAN: Mr. Ells was there. Mr. Ells is probably the father of the development of the tar sands. He has lived there and Mr. Timm has been there.

Doctor W. D. MACFARLANE, Professor and Chairman Department of Chemistry, Macdonald College, called:

By the Chairman:

Q. Now, Doctor McFarlane, will you just tell us what you feel like telling us in connection with agriculture, whether it arose from Mr. MacKenzie's evidence or not?—A. Well, Mr. Turgeon, I have here a few notes I prepared for some previous occasion. When you very kindly 'phoned me on Monday morning and asked me to come up here, you did not even tell me what was under discussion but I had a pretty good idea of that. I did not think I was expected to prepare any formal statement or I would have had it ready. I have to be careful to clarify my position and not give the impression that I am an expert in this field. As Professor of Agricultural Chemistry I have naturally been interested in the application of chemistry to agriculture with a view to developing new industrial outlets for farm products; and when the Chamber of Commerce, as Mr. MacKenzie related, took this thing under their wing away back in 1939 they simply chose me as one who was outside of the government or who was not a civil servant who could perhaps express unrestrictedly without the usual limitations, his views and be prepared to report to this committee of the Chamber of Commerce something with regard to Canadian research and the utilization of farm products. Most of you have seen that report; it was published in 1941. It just puts together in a practical way for the first time the research activities undertaken by the Department of Agriculture and also by the National Research Council in this field.

Since the preparation of this report I am assumed to be an authority in this field. It has gone even farther than that and I have become a crusader for chermurgy or whatever you might call it.

I hardly know, Mr. Chairman, just exactly what to say. It is quite evident to you that there is nothing new about these proposals. The sources of raw material of some of our oldest and long-established industries in this country and all over the world are of agricultural origin; and the whole effort of the chermurgic committee has been directed to expanding, through investigating, the efforts to find new uses for farm products in industry. My personal interest has been, and I can state it very succinctly, in making every effort to encourage a greater emphasis being placed on research in Canada.

I have visited three of the four regional research laboratories in the United States which are devoted almost exclusively to studies on the utilization of proteins, oils, fats and so on in industry; and I feel that we in Canada have for too long depended upon the United States' leadership and research in this particular field. I feel research in this field is vital to Canadian development. I think too we who are in the academic field learned that the only outlet for brilliant young chemists was in the United States. Some of our brightest graduates are down there doing the very best work in fields of development which are as vital, if not more vital, to the Canadian economy as they are to the economy of the United States. My efforts have been towards a broader view and great appropriations for research in the field of applied agricultural chemistry. I had a feeling the activities of the chermurgic committee were not fully appreciated, and, helped by the war, I had hoped some of these projects already in mind might be stimulated by the need which arose for certain war essentials. I do not know that I want to be quoted on this but I do not think that in some ways we have taken full advantage of the opportunity to use farm products as raw material for the production of war essentials. Perhaps a practical illustration of that is the present Canadian synthetic rubber program. I think, however, that in the last year, and those of you here have just as many facts as I have, there is some concrete evidence that our government is giving serious consideration to establishing this type of industrial research activity, and some steps have been taken in that direction. I would further say, however, that whatever is done by the government should be done within the framework

of existing institutions. It is obviously unnecessary to create any new research organizations for this type of work. There are great difficulties being encountered in this field of research. I should make it clear, as may be obvious to you, that there are two types of research involved, two clearly defined types of research. There is fundamental research, fundamental research basic to the development of new industrial uses for farm products. It should be clear to you that the more fundamental information we have about, for example, the structure of the starch molecule or the structure of the gluten molecule, one of the proteins of wheat, or even the structure of some of the natural fats and oils, which is still not definitely clarified, the greater are the possibilities for new uses for the product. It should be information which will enable us to make something new out of starch, something new which has commercial possibilities. Now, I submit to you that this type of fundamental research is the essential function of our universities. I do not maintain it is the exclusive function of our universities; I do not think government laboratories should be excluded, from doing any research of the most fundamental nature. Fundamental research is, of course, being promoted through the research scholarship grants of the National Research Council. I should like to see an extension of that and more money made available to the research council for extending research on the main components of animal and vegetable materials having as its future objective finding new uses for these products. Then there is the second type of research and that is what we are most interested in here. It is sometimes called applied research—I prefer to call it development research.

It is quite evident to you that after a discovery or an invention has been made in the laboratory there is a great deal of work to be done before the discovery reaches commercial application. The people who usually do that type of development research or pilot plant research or semi-commercial research is industry. I submit there is a field for research here that does not belong either to the university or to industry. There are many laboratory researches which might lead to industrial development of national importance, importance to the people as a whole, but yet they are not sufficiently straightforward economic problems such as to warrant private enterprise, private capital, putting their money into that research. That is true, as you know of research on natural resources. I submit it is equally true of research to increase the industrial use of farm products. There are so many projects here that are so vague, indefinite and not straightforward economic questions that it brings up difficulties. One good example is, of course, the production of alcohol for motor fuel.

Now, maybe I have said enough.

The CHAIRMAN: No, go ahead; use your own judgment.

The WITNESS: If we are going to extend our research in the post-war period on the industrial uses for farm products there are other considerations. We have to develop some type of liaison with industry. These men engaged in this agricultural-industrial-research, have to maintain first of all an intimate contact with some enterprising group of farmers located in an area suitable for industrialized agriculture—their co-operation would be essential to provide necessary raw material and also essential in arriving at the cost of raw material. Then when the industrial or pilot plant type of research is done contact has to be made with industry and with the consumer, the people who are going into the business of producing this commodity and the people who are going to consume it. I submit to you that the necessary liaison with industry is already provided through the National Chermurgic Committee of the Canadian Chamber of Commerce. That committee, as you know, is composed of representatives of agriculture, industry, industrial research and the universities, and through them close contact with chambers of commerce, boards of

trade, Canadian Society of Technical Agriculture and other organizations can be maintained. They can play a very important role in assisting to disseminate technological information with reference to the utilization of certain farm products.

If we establish a research institute to be devoted to the studying of industrial uses for farm products the question arises as to where that institution should be located. I do not know that it is as serious or as important a question as some people would like to have you believe. It is much more important to get the research done; it is not so terribly important where it is done. For reasons indicated a moment ago I think it should be located fairly close to the areas engaged in the production of the farm products involved, or to those areas which are best adapted for producing those raw materials from the standpoint of climate, geographical location, the type of agriculture, e.g. mechanization. If there are no objections to it I think this research might be concentrated somewhere in the prairie provinces. If that is the case I submit every effort should be made to oppose divorcing it from the universities in these provinces. I do not think you will find a group of men of the type I hope will be encouraged to undertake this work of national importance in the post-war period who are going to isolate themselves academically in some little rural section. This research laboratory, then, I say, should be located somewhere close to one of the universities in the prairie provinces, and it need not be a big organization. Some people have publicly suggested there should be four regional research laboratories in Canada as in the United States. I sensed the general feeling down in the United States, among some of the most competent men to judge that there has been perhaps a little over-development in this field. It may rectify itself in time. I do not think Canada should try to emulate those activities in the United States on the same scale. I think we need only a small research organization. I do not think it is necessary to go into details but the main thing is to have this type of development research underway. The greater part of the money available for this work should be devoted to the problem of seeing if certain industrial enterprises could not be established in the prairie provinces. And the main reason why I say this research work could be located in western Canada to advantage instead of Ottawa or some other place in the east is that it would be close to agriculture in the west, and they would see to it that the pilot-plant was set up right in the area that is especially concerned with this particular problem. Then, what types of research are they going to do? I firmly believe that research to develop rural industries is the best type of research to engage the first attention of this proposed new laboratory. I am not going to express my views on decentralization of industry because that is something I have no special right to speak on; but I believe that anything we can do in western Canada, having lived out there for some years, to develop rural industries, which will mean that more of the farm products will leave the farm in a processed form rather than as raw material will mean more than any other single thing to help to develop the west; and secondly it would give the opportunity for the employment of local labour at the time during the winter when they are not so busy on the farm, and probably more important than anything it would give the necessary stimulus to young men of ability and imagination to stay in rural areas.

What would be some of the first products for research on the utilization of farm products, having in view the development of rural industries? Well, I should say first and probably the most important, is the utilization of straw and other agricultural residues remaining after the full debt to the soil is repaid and the necessary amount of humus in the form of straw, etc., is returned to the soil. When that is done there are still hundreds of thousands of tons of cellulosic material available every year in the west which could very well be

utilized in industry for the manufacture of straw board and other materials for building construction, such a program to be part of the program for improving rural housing in the post-war period. Then, again and closely associated with that would be research to develop simple, straightforward inexpensive processes with the least amount of chemical treatment. The more chemical treatment you submit straw to the more complicated and more expensive the process and then all the more reason for locating it in one central area. Mind you, there are many disadvantages to rural industry, or to the decentralization of industry, as I need not point out. If you have one big plant one man can probably do the same job as half a dozen men in small plants. For that reason rural industries should be based on processes which have the minimum number of chemical steps in them. We should concentrate on working out simple processes and details of efficient equipment and machinery. I think a great deal could probably be accomplished in the field of plastics to be used in building for special fittings and other purposes.

This is a little more visionary but there are possibilities for developing small scale pulping operations as a rural enterprise for the partial processing of cellulosic material for the manufacture of paper. Repeatedly many people in this country and elsewhere, people who are competent to express an opinion on this, have emphasized the growing importance of the need for an auxiliary source of cellulose in view of the fact that our forests are moving further and further away from our paper mills. We have an excellent example of the possibilities in that. It was found early in this type of work in the United States that flax straw, that is linseed flax straw, could be processed to produce a parchment of special quality. That is the basis of the cigarette paper industry in the United States. Cigarette paper is manufactured almost exclusively in the United States by the Ecusta Corporation in North Carolina from flax straw. We have another excellent example here in the way that the Howard Smith Paper Company at Beauharnois have developed the use of flax straw for the same purpose, for the manufacture of cigarette paper, which was previously made entirely from rags and so on, and all came from Europe. Therefore, there are possibilities for developing a small scale pulping operation and shipping to the central plant a processed form of cellulose of agricultural origin.

By Mr Tustin:

Q. Could you enlarge on the manufacture of paper from ordinary straw, oat straw and such like?—A. Oat straw, of course, is the worst possible material for any use in this field. In the first use that I mentioned, even in regard to straw board and so on, in the United States, where they use between 600,000 and 700,000 tons of straw a year for the manufacture of corrugating straw board, if they can get it they use exclusively wheat straw. There is always too much chaff in oat straw. The reason is purely economic. They do not want to buy chaff. It is straw they want.

In Europe at the present time, and in Britain, there is a lot of paper being made from straw. I cannot speak with any authority on the technology of that industry but paper can be made from wheat straw and perhaps also from oat straw. That is an established fact. The problem there is the high mineral content and the nodes in the straw. That was the big problem in regard to utilizing flax straw. The nodes made holes in the paper, but apparently they have overcome that at least in so far as the manufacture of cigarette paper is concerned.

The next thing for rural industry—and perhaps if I had placed them in order of importance I should have put this first—is the possibility of processing oil seeds in rural areas. It has always seemed to me for many years economically

foolish to haul linseed, soya beans, and so on long distances to central processing plants in eastern Canada and then haul the by-product cake back to the agricultural areas where it is going to be utilized for feed. I do not think that in most of these things I am suggesting anything new to you gentlemen, but let me just emphasize that here is one of the best possibilities in the immediate future, the development of small processing plants in the prairie provinces in the regions where linseed and so on is being grown, and now sunflower seed, and rape seed is coming on beautifully. I understand where these oil seeds can be processed and the cake held in the area for live-stock feeding and the oil then shipped to the central refining plant. That means the development of a small scale efficient oil processing unit. There is need for research in that field. It is not all clear cut at all. Dr. Cook is very much better informed on some of these things than I am, especially in this field, but I think he will agree with me that there is a distinct trend towards the use of solvent extraction as distinctive from simply pressing out the oil under hydraulic presses, high pressure, either cold or heated. The trend now is towards solvent extraction since you are getting all the oil out which may or may not be an advantage depending on whether you look at it from the oil processing standpoint or whether you look at it from the farmer's standpoint of utilizing the by-product. Even in the field of solvent extraction there is a great need for the designing of an efficient small scale extraction unit free from fire hazards, to be used in this particular venture.

Then, thirdly—and I am not going to dwell on this because I think probably I can expect some questions—there is the possibility of grain alcohol production in small plants as a community operated enterprise. I just mention that and I won't discuss it. Another possibility is for whey drying at cheese factories and small casein plants. How important this would be in the west I do not know but it is a very important question in Ontario, of course. Whey is a uniquely important raw material for industrial purposes. It is seldom realized that there are so many uses for it. Lactic acid, of which lactose and hence whey is the best known source, is a unique chemical intermediate, a unique chemical in a great variety of synthetic processes in the organic chemical industry. The main problem is the economical drying and shipping of the whey to central plants.

By Mr. Castleden:

Q. Would you mind giving us some of the other uses of that lactic acid?—
A. There are a great many things. Probably among the most important uses is the synthesis of the methyl methacrylate resins, the manufacture of plastics, the manufacture of a great variety of other substances, the manufacture from lactic acid of alcohols for anti-freeze, and so on. Those are some of the important uses. Lactic acid finds important uses in the pharmaceutical industry, which also makes use of the lactose from which lactic acid comes. Alcohol can be readily manufactured from it if desired, and so on. Those are some of the main uses.

The next is the possibility of developing rural industries based upon advances in dehydration of foods. It seems to me a really important step, and I would like to consider it as an industrial enterprise and hence coming within the field of our consideration. I could go on and enumerate, with reference to this new laboratory that is proposed, the general type of research projects that might be undertaken. There is all sorts of research on wheat starch, the separation and purification of wheat gluten, the manufacture of modified starches, dextrose, glucose, maltose and a hundred and one products that can be made from starch. Last summer I had a talk with Dr. Skinner who succeeded Dr. Henry G. Knight who died two years ago. He is the head

of all regional research laboratories in the United States. He is a man past retiring age with a lifetime of experience in this field. He told me back in 1900, he was urging on the United States just the sort of research they are now doing nearly forty years later on starch as one of the most important products of agriculture. Without fear of being accused of exaggerating I can say that there are tremendous possibilities for increasing the industrial utilization of starch. Starch is a substance which is produced probably next to cellulose in the greatest quantity on the globe through proto-synthesis every year. Then there is the utilization of the by-products of starch manufacture.

Vegetable proteins; the separation and purification of wheat gluten; the effect of storage of gluten on the quality of gluten breads; manufacture of mono-sodium glutamate from gluten; wheat germ proteins in new foods; new uses for gluten and the proteins of linseed, soya bean and sunflower seed cake, including plastics and manufacture and uses of amino acids.

Vegetable oils; extraction and refining of linseed, soya bean, sunflower and rape seed and wheat oils; new and extended industrial and food uses for these oils; preparation of their fatty acid components and derivatives with particular regard to utility of products.

Agricultural residues; production of fuels, other than by fermentation, that is, generating producer gas, briquetting, and so on; manufacture of useful articles, building materials, with as little chemical processing as possible; manufacture of paper, alpha-cellulose, cellulose plastics, lignin and associated plastics, solvents and organic chemicals.

There is just one other point before I sit down. I think it is generally conceded that in the immediate post-war period our agricultural production will have to be geared up to the highest possible level if we are going to relieve distress in a starving Asia and Europe. I am often asked the question, how can you talk about industrial uses for farm products in these days when we need every pound of food we can get? I submit, gentlemen, that our objects are not necessarily imimical to the food program. Most of these projects that I have mentioned are utilizing materials which would not enter competitively in the food market in the post-war period, by-products of materials like agricultural residues, straw, and so on. Even if we take the practical illustration which is also quoted against considering these projects at the present time, the production of alcohol, I submit that the production of alcohol from farm products is supplementary to rather than in conflict with a problem for supplying food for Europe after the war. I have no particular knowledge of what the food requirements will be but Sir E. J. Hall has recently said—and I do not know of any man in the world who is better qualified to express an opinion—that the need for grain, the so-called high calory foods, grain and potatoes, will probably be great. It all depends on just what stage European agriculture is at when the war ends. The need may be great for about one year but looking at it over a period of five or six years the big need is going to be for animal products because of the reduction in the live-stock population; the restoration will take at least, at the most optimistic estimate, six or seven years. The production of alcohol from farm products can be taken as supplementary to the expansion of the live-stock industry in western Canada because as a by-product from the alcohol industry you have an improved feed, material which has better food value than the original grain itself. That is my answer to those who would discourage us from that consideration.

Of course, I submit that these problems we are concerned with here, these proposals for industrial utilization of farm products are essentially of the long-time viewpoint. I think we have all agreed that no matter what the immediate post-war situation may be in five or ten years we are going to be forced to always find an ever-increasing domestic outlet for our own agricultural products,

and the more intensive the research in this field can be conducted the more likely it is we will have effective ways to use our own products within our own borders.

There is another question that is often asked that I should like to answer. That is, if the United States have got four regional laboratories employing 250 highly trained scientists in each with an annual appropriation of a million dollars for each laboratory, and costing at least \$1,500,000 to build and equip each, the finest equipped laboratories in the United States, if they have all this going on down there, why do we in Canada need to worry about that when after they have done the research we will utilize their findings. I would remind those people that there are such things as patents. For too long, in my opinion, we have permitted American enterprise to dominate the Canadian food, pharmaceutical and chemical industries. It is time we gave these young men I talked about at the beginning, these well-trained chemists we can undoubtedly turn out in Canada and who are always on high priority in the United States; the money and the opportunity to indulge in research and get our own patents on these things. Canada has a small consuming population, and that is one of the great drawbacks to these enterprises. If you are going to make industrial commodities from farm products on a grand scale you have got to have a large consuming population. That is where the United States has a great advantage. The only way I see to overcome it is to have patents on the processes so that we can export these commodities.

I would remind you gentlemen it is of the utmost importance, if we are going to engage in a program of the type I have outlined, to see that we provide now for the necessary training of the personnel for that program. We have to provide for the training of chemists, and chemical engineers, with a background of experience both in agriculture and in industry.

The CHAIRMAN: Gentlemen, I cannot tell you how glad I am to have listened to the evidence given to us by Dr. McFarlane. We all remember that on various occasions members of this committee have asked perfectly natural questions as to why so much consideration should be given to increased production of agricultural products unless we have first ascertained what the markets will be. We have heard to-day recommendations leading up to the enlargement of the market for our farm products. I want to express here appreciation concerning to-day's witnesses, to Mr. H. B. Speakman, Director of the Ontario Research Foundation in Toronto. Some time ago after Mr. D. G. Mackenzie had given his evidence, Mr. Speakman wrote me suggesting following that up and highly recommended Dr. McFarlane to whom we have just listened with a great deal of pleasure. He recommended me to the research council and the Dean of the research council suggested Dr. Cook whom we have with us. Dr. McFarlane has told us about the possibilities of bringing secondary industries right to the localities where the raw materials are produced on the farms by our farming population. Is it your desire to ask Dr. McFarlane questions and then listen to Dr. Cook while what Dr. McFarlane has said is fresh in your minds or do you wish to sit back and wait until Dr. Cook has finished? Dr. Cook says that either one will suit him just as the members of the committee wish. What is your wish? Shall we go on with Dr. Cook or do you wish to ask questions? I think we will ask Dr. Cook to proceed.

Dr. W. H. Cook, Director, Division of Applied Biology, National Research Council, called.

The WITNESSSS: I think Dr. McFarlane has given you the picture in a general way. I should like to deal with it perhaps just a little more analytically. I think we all agree that we would like to see the rural areas of Canada at least made a little better place to live in. Farmers are primarily

producers of food and food is a commodity required in large volume. We must take that into consideration in dealing with the industrial utilization of agricultural products. I should like to use a little example here. I believe during the past year we have exported some 675,000,000 pounds of bacon. I believe the best feeders require four pounds of feed to produce a pound of pig on the hoof. When you take into account the dressing of the animal you find that it takes about six pounds of feed per pound of bacon produced or about 68,000,000 bushels of wheat or feed to produce the quantity of bacon exported, let us now compare this with possible industrial requirements. We have heard estimates that if alcohol were used in motor fuel to the extent of 10 per cent it would require 50,000,000 bushels of wheat annually. If our synthetic rubber program were based entirely on alcohol from wheat it would require another 18,000,000 bushels. These are round figures, but they show that the greatest industrial uses we can see would require about the same amount of grain as was used for our export bacon contracts. I am not saying this in a discouraging way. I want to give you a picture of the comparative volume required for food and industrial purposes. The farmer is still a producer of food; therefore, I think a good deal of our investigational work should be devoted toward giving the farmer a better chance to market his food products to advantage.

In that connection I might mention the matter of dried eggs which we have worked on since the war started. I do not believe we had any consequential export of shell eggs prior to the war; it was periodic. I do not believe the west could participate in that, owing to transport disadvantages. As regards the egg drying industry in western Canada, one of the drying plants is located at Saskatoon and other plants are in other parts of western Canada. You convert that product to something that is worth \$1 or more a pound. Now, you realize that the shipping costs on a product worth \$1 a pound are proportionately less. Ten pounds of product represent a case of eggs weighing between 40 and 50 pounds. I think some of this development ought to be taken into account most seriously, because I believe that 90 per cent of the agricultural production will be used for food, with the exception of an industrial crop such as flax.

Dr. McFarlane has outlined some of the possibilities on the utilization of farm crops. We have also to make the farm a better place to live on through improved facilities. If we are going to retain our markets we have to have high quality products. Now, the farmer in the production of eggs collects them once a day and takes them into town once a week, and if he had some form of refrigerator, not requiring electricity, I think it would help to conserve his own food supply and also those perishable products which he has to market. I think some study ought to be given to the absorption refrigerator which is old but has been placed in a secondary position by the reciprocating compressor requiring electrical power.

When we come to the utilization of farm products there are two problems; the technical problems and the economic problems. As a matter of fact, in the production of alcohol the technical problems are rather small. We have heard a great deal of the advances that have been made since this industry has been forced to use grain products instead of molasses for the production of industrial alcohol owing to the shortage of shipping space and for other reasons. None of those improvements can increase the theoretical or possible yield we would have predicted from the starch content of wheat, 1.95—or in round figures 2 gallons per bushel of wheat.

When we are looking at the conversion of these products, we have two methods by which we can attack the conversion of an agricultural product into an industrial raw material. One of those is by chemical conversion and the other is by fermentation, especially alcoholic fermentation, which is the

best known. The chemist does not see the materials as wheat, potatoes or sugar beets, he sees them as a mixture of materials each of which requires different processing to make them into useful industrial commodities. He sees them as proteins, he sees them as starch, as cellulose, as hemi-cellulose; they are all chemical compounds responding differently to chemical treatment, whether applied by heating or otherwise. That chemical method of approach can only be applied successfully where you have a reasonably pure constituent. That is why fermentation is so important as a method for utilizing farm crops effectively.

I have already said that the production of alcohol really does not present technical problems for the laboratory, because the alcohol industry is practically as old as man. They have got their efficiencies up to where it is 90 per cent or more of the theoretical, and we cannot expect to improve this picture significantly. We therefore turned to new fermentation products. One of these was the production of butylene glycol which is not new, since it has been known to exist in French wines for over thirty years but it had not been produced in large commercial quantities like alcohol. Our investigations were designed to test the commercial possibilities of this fermentation. We are now erecting a pilot plant for this study.

Dr. McFarlane has already mentioned lactic acid. I believe most of the lactic acid, in the past, has been made from milk sugar or lactose. We feel that it could be produced more cheaply if we could get organisms that would ferment other sugars. We are investigating this possibility.

As a personal opinion I may state that in the present world state of nutrition, and even Canadian nutrition before the war, that we could use the entire output of the dairy industry as food, and that we should not depend upon dairy products for the production of industrial materials. Skim milk contains 8.8 per cent of solids, giving a yield of about 9 pounds of milk solids per 100 pounds of milk when dried by spring or roller processes. This is a cheap source of high quality proteins, calcium and vitamins. When you make casein, an industrial product, from that you get only 3 pounds because it is only about one-third protein. I think we should try using some of our cheaper proteins to meet these industrial needs, and produce lactic acid from other sources.

Then there is the possibility of finding new materials agriculturally for the production of alcohol. If we look at this problem it appears that wheat is too expensive; the figures would indicate that. However, can we get cheaper crops that will return the farmer as much per acre and still make alcohol that will compete with the other sources, such as molasses? For instance, what are the potentialities of, say, seaweed for fermentation?

Dr. McFarlane has mentioned the difference between fundamental and applied research. I do not think two technical men will draw the line at the same place. I do not believe that is important. I would class that as being in the laboratory. In that phase I think the difference between applied and fundamental research is the difference between, say, a bricklayer and an architect. If you want a man who will take some raw material such as starch and find something—you do not know what it is—you have to leave him alone and give him a chance to do it. In the applied field, whether it be fundamental in other senses or not, you must definitely start with a plan. We must know the raw material that we intend to use; we must have the hopeful processes and apply them, and we must not accept end products *ad lib*, we must aim to produce something that has a reasonable hope of being utilized in the chemical or industrial world. That is what we call a plan. If you like that could be called applied research.

Much has been said about pilot plants. Everybody to-day seems to have the idea that a pilot plant is the solution to our ills, but I think we should get

that in order. In a large industrial organization, when they come to develop anything, in the laboratory, whether fundamental or applied, it is all in glass. You know exactly what is needed in advance; you need some good men and laboratory facilities. However, even when proved in the laboratory, I am afraid industry would not be prepared to adopt or accept a process that had worked in glass only. The next stage is to put that process into metal, that is into a small pilot plant where you take out all the technical headaches and teething pains incidental to scaling up the operation. The results obtained from such a plant, operated by high priced technical personnel could not possibly answer questions as to cost, although estimates can be made by calculation from the cost of raw material and the possible yields of your product. The next stage that must follow is a small commercial unit where the cost questions can be answered. I would like to present that picture because I feel that the pilot plants have been talked about rather loosely in many of these operations.

Dr. McFarlane has mentioned the utilization of straw. There is a terrible waste involved in having these straw piles burned in the West. I believe, however, that has become an even more difficult problem for us to deal with since the introduction of the combine harvester on an ever increasing scale. The main problems in utilizing straw are again not technical. We know about the making of paper, and many patents have been issued in the United States and elsewhere in the world. The difficulty is in gathering this straw together. Dr. McFarlane has suggested rural industries, and it is possible that a farmer or a group of farmers might reasonably process it themselves. There are two possibilities in that connection. There is its possible use as fuel and its possible use as a building material. You can immediately see the difference between these two materials. Fuel requires a continuing supply. The farmer will eventually insulate his house and will not require the straw any longer for that purpose. I venture to say too that if the farmers took up this development one good crop would provide sufficient straw to insulate their houses, their outbuildings and barns. The main technical difficulty with both of these processes is getting a satisfactory binder. Straw can be briquetted for fuel if you have some asphalt or other suitable binder not generally available on farms today; also, with water soluble materials produced by the action of alkali on straw, but these do not stand up very well during exposure to weather or water. There is room for development and the greatest need is to devise a process that would be acceptable to the farmer and which he might reasonably undertake.

We have the oil bearing crops such as flax and the industrial uses of fibre flax and linseed are well known. When the war came along and limited importations of edible oils we had two possibilities: we had the lard from our pigs and we had linseed oil as the two sources of oils and fats produced in large quantity in Canada. Lard is not as acceptable to many consumers and housewives as the hydrogenated vegetable oil shortenings. Lard is less stable than these shortenings; it becomes rancid more easily and is also less stable in such operations as deep fat frying. Investigations have been made with the object of improving lard, progress is slow, it can only be accelerated in this, as in other fields, by getting additional help. We have had the Ontario Research Foundation and Dr. McFarlane's laboratory co-operating with us in an attempt to convert non-edible linseed oil into edible products. If that were fully successful we might reasonably produce another outlet for linseed oil.

Now, with regard to plastics, and this is the last point upon which I wish to touch. Plastics, I am afraid, is the glamour girl of science. Plastics cover the whole range of materials varying from building materials such as masonite to high class moulding plastics. Naturally, the latter are worth much more per pound and are required in much smaller volume. A very attractive picture can be painted for the future possibilities of plastics if the volume of the building

plastics are considered as having the unit value of a moulding or spinning plastic, like nylon. Nevertheless the plastic industry offers possibilities as an outlet for certain farm crops.

I think from the standpoint of agriculture there are three possibilities in plastics, and only one has received extensive mention in the press: that is the possibility of converting protein residues from distillery operations, oil processing, industries, and so forth, to plastic materials. This suggestion has possibilities but there has been a lot of work done in that field without too much success in producing a useful volume of high quality materials. Volume and quality are both necessary if plastics made from residues are to net the producer more, or the costs of distilling operations reduced significantly. Another possibility is to produce from starch certain chemicals that could be used for the manufacture of high grade synthetic plastics. These synthetic plastics are accepted in many industrial fields today. We can make several of these potential plastics from butylene glycol. If we can prepare lactic acid through a cheap method from grain starches and sugars we can probably look to an increased utilization of this type of resin. Finally we might grow crops yielding plastic-like materials. In the search for rubber in Canadian plants we have been able to develop a reasonably cheap method of extracting the gummy resinous material. That process is carried out by means of ball mills, and is a reasonably cheap operation. If we can apply a cheap process to milkweed or some such crop growing on the farms that will produce inherently water repellent material to begin with then we have a basis of a plastic material that should require little additional processing. The gums may have potentialities in the plastic industry and they might net more to the producer, by reducing the processing costs intervening between the producer and the consumer.

The CHAIRMAN: Now, gentlemen, you have heard these two gentlemen who have come before us to-day to give us their views with regard to agriculture. I am going to throw the meeting open to questions and discussion. I am sure that the members of the steering committee, who will have to make recommendations to the committee some time before the house meets, with regard to the next report, will be glad to hear from various members of the committee as to their views on farming. I am not suggesting long speeches, but I think we could have comments as well as questions to-day.

I would like to bring to the attention of the committee also a certain matter, and to place on the record that part of our last interim report which dealt with farming. We recommended, as you will remember, the extension of the Prairie Farmers Rehabilitation Act of which Mr. Spence is a director. He gave us some excellent evidence during the session; and in addition we said this:—

Your committee has given some study to the problems confronting the nation by reason of the various hardships that burden our farming population. This study is far from complete. We shall explore further the possibilities of greater uses for farm products through chemical processes. Further study is needed also on the broad question of a new relationship between agriculture and government, and between agriculture and industry, and of the related question of extended and profitable markets both at home and abroad.

And we are continuing that study to-day as we told the House of Commons in June we were doing. We shall explore the further possibilities of greater uses for farm products, other chemical processes in all the extended relationship of agriculture to industry. That is the basis of the evidence which we are here to-day to get.

MR. TUSTIN: We have listened with a great deal of interest this morning to two very enlightening statements. I think we must all agree with Dr. McFarlane and Dr. Cook that there must be developments in agriculture in order to provide markets for agricultural products in the future. I was greatly interested in listening to Dr. McFarlane say that lactic acid might be made from whey. I come from a great cheese producing area, and, of course, a considerable amount of whey is wasted. One of the questions I should like to ask Doctor McFarlane is this: Has development gone far enough in this experiment to be able to determine whether lactic acid can be extracted from whey at anything like a competitive price or could it be made an industrial success? Whether the Doctor would like to answer that question or not I do not know. However, I should like him to answer a question along the same line. Have any of the new experiments been developed far enough to ensure the agriculturists of this country new markets for their products? The reason I ask that question, Mr. Chairman, is that Doctor McFarlane made a statement this morning suggesting that agriculture must be geared up in the post-war period, to supply food for the starving multitudes of the various countries of the world. I am prompted to ask that question also because of a press despatch which came out this morning and which was made by a very outstanding Canadian and one who should know what is taking place so far as agriculture is concerned.

The statement I am going to quote now is reported as having been made at Regina yesterday by the Hon. James G. Gardiner, Minister of Agriculture for Canada. The statement is as follows:—

The Canadian Government was justified in looking after Canadian agriculture first and foremost, just as the British Government must look after the future of the British producer, he said.

We are telling the Canadian farmer that we know we can take 900,000,000 pounds of bacon over the next two years. We are not going out to urge the farmers to raise more hogs, but we are advising him that we can sell all the bacon he can produce.

He emphasized that the Canadian Government was taking care that it would not be caught in the same position that it had been following the last war when there were surpluses of wheat and live stock in Canada, and no markets.

I should like to ask Doctor McFarlane to enlarge on that, Mr. Chairman, because I think it is very essential if we are going to protect the farmer in the post-war period that there must be new markets found as an outlet for their products.

DR. MCFARLANE: Mr. Chairman, as Doctor Cook in supplementing my remarks with reference to lactic acid pointed out lactic acid is of course produced from the lactose in the whey. It is not extracted from the whey itself in that particular form. It is produced by the action of souring. Therefore you have to ferment the milk to produce the lactic acid. Doctor Cook specifically said and I think I also said at the present time whey is the most easily accessible and the cheapest known source of lactic acid. I think I have some place in my report the actual cost per pound. I cannot find that just at the moment; but to give you an illustration of the possible magnitude of the industry it has been estimated that there were available in the United States over 3,000,000 short tons of whey, exclusive of the whey now being used, which is equivalent to 137,000 tons of lactose.

Now, there is one division of the Eastern Research laboratory under Doctor Smith devoted exclusively to this study, the manufacture of the various plastics and so on, the methyl methacrylate resins from lactic acid, and they are undoubtedly of the opinion that the utilization of lactic acid is not something for the future but it is an immediate economic possibility. The other question, what are the immediate possibilities for other markets for farm products, is a little

more of a poser. There are immediate possibilities for extension in the oil seeds field, almost unlimited possibilities. But I don't know what will happen as soon as the war is over and we have re-entry into this country of cheap coconut oils, cotton seed oil, peanut oil, etc. May I emphasize again that it depends on the technological progress we can make here in this country. The utilization of linseed oil in the food field might be possible if we could perfect a method to hydrogenate linseed oil to give a satisfactory food product; if hydrogen could be produced cheap enough for the process then we might be able to maintain our enlarged production of linseed flax after the war, and we might not have to go back to the million or two million bushels produced before the war. The same applies to a greater extent to the sunflower seed industry. The existence and continued operations of that industry after the war will depend on two factors. The success which the agronomists can achieve in breeding new improved varieties easier to process but primarily with a higher oil content, and secondly what the food chemists can accomplish in regard to the use of sunflower seed oil in the food industries. Now I can remember when Mr. Lehberg was working away almost alone in Winnipeg first and then later in Saskatoon, I believe, on sunflower seed oil. He produced a report which is available from the Department of Agriculture. I was struck by the enthusiasm that he showed for that oil as a food oil, and recently, I was able to get hold of some refined sunflower seed oil which incidentally originated in the Argentine. Undoubtedly it is one of the very nicest food oils we can produce in Canada that I have come across. There are immediate markets for that product because of the war deficiencies. What it will be after the war I could not say. We have a tremendous amount of organization work to do before straw and materials of that kind are utilized and new markets are developed for them. There is an immediate market for more alcohol, if not in this country, certainly in the United States. What the post-war demand for alcohol is going to be is anyone's guess. I can perhaps say this: I think it is quite sound—naturally I am anxious to keep my remarks on things that have some actual basis in fact—to say that in the United States they have increased their alcohol production during the war from something like 100,000,000 gallons to over 500,000,000 gallons a year and they are asking themselves, after the war, what is going to happen to this expanding production of alcohol. I wrote to several people in the United States who are undoubtedly authorities in the field and they told me that even if the alcohol used in synthetic rubber goes after the war, as it might do—it certainly won't go for a number of years anyway, until the rubber stock is piled up again—the post-war consumption of alcohol in the chemical, pharmaceutical and other industries in which alcohol is used, and it is used in a thousand and one things in industry—would not go below 250,000,000 gallons per annum. That is just an estimate. That is two and a half times the pre-war consumption of alcohol. Now, the chemical industries of Canada have been proportionately geared up in war-time. The use of alcohol in smokeless powder will probably decrease greatly if not largely disappear after the war. But I think it is a safe assumption that the requirements for industrial alcohol in Canada will exceed the pre-war consumption. If that is so then what is going to happen? We are producing 14,000,000 gallons of alcohol in Canada, an increase from one to one and a half or maybe two million gallons before the war. Will we go back to the pre-war consumption? Well, on the basis of the evidence in the United States I do not think so. How are we producing that alcohol? We are producing it from the existing industrial alcohol facilities prior to the war plus the converted breweries and other potable alcohol facilities converted over in war-time. These facilities which made possible the increase in our war production will immediately go back to the production of whiskey, and all the available distillery capacity will go into that field to make up at least one year's losses on stocks of whiskey.

Although I am not a business man and I have not got the facts of this industry, I believe there is room after the war for more industrial alcohol distilleries in Canada. Hence on the basis of that to answer your question, there is an increased market for farm products to make alcohol as Doctor Cook put it so clearly. The question remains as to whether we can get starch or any starchy material as a by-product cheap enough to manufacture alcohol in direct competition with molasses-derived alcohol. Now, it has been said that after the war all alcohol will be made out of molasses, or will be synthetic alcohol. I am told authoritatively in the United States that if all the molasses in Cuba and other West Indian origins were converted in the post-war period into industrial alcohol they could not make the required amount. They estimate that it could make 150,000,000 gallons. As I said before, they expect at least a minimum requirement of 250,000,000 gallons in the United States. Whether molasses will be available in the amount which was available before the war for manufacture of alcohol on the North American continent is problematical. Whether we can produce starch as a by-product, for example, in the milling industry is another question. If we could take wheat, for example, put it through some milling process and utilize the bran and the shorts and the middlings and the wheat germ in the feed and food industry, then extract the gluten and find an industrial or other use for it so that in the overall economics of the process the starch would be a by-product available at a price for the manufacture of alcohol so that it could compete with molasses; this is a problem for research.

Mr. TUSTIN: Probably I did not make my last question clear, Mr. Chairman. Doctor James, when he was here a while ago, intimated we must speed up agriculture in the post-war period. I quoted the statement that was made yesterday where it was reported in the Press that the Minister of Agriculture thought that possibly Great Britain would not require our bacon after the war, and that was the reason for the cut. I quoted what was said by Mr. Gardiner, Minister of Agriculture for Canada. We all agree with the theory we must speed up production, but in the face of what the Minister of Agriculture has said that we might not produce nearly as much bacon as we could for the bacon market, because we may lose our bacon market, but Doctor McFarlane reconciles his statement with that that we must have more production after the war.

Doctor McFARLANE: That is hardly a question for me to answer. My knowledge of agricultural economics is not as profound as your own knowledge. I thought I was quoting a truism in regard to post-war production of farm products. What we can produce in Canada would be needed for food.

Mr. MACNICOL: Does the farmer not use that whey now for the feeding of his hogs?

Doctor McFARLANE: Yes, in large part, I understand. Going back to pre-war years, certainly in Canada we have not been making the best use of it. Whey from the casein factories goes down the sewer. I think even after allowing for the utilization of a considerable part of our production of whey as feed on the farm, there will still be lots of whey for the products we are interested in if it can be shown that it is worth the farmer's while from the price standpoint, to send the whey to the drying plant for other uses.

Mr. HARRIS: If I may be permitted, may I say I was rather interested in Doctor McFarlane's deposition with regard to oil, particularly animal and vegetable oils, sunflower oil and the possibilities with regard to supplying the requirements of our people in Canada of oil of these natures. But before speaking to that, Mr. Chairman, may I be permitted to make an observation with regard to the more or less general reaction which this country has to

statements which not only emanate from this Committee, but emanate from those in charge of the different departments of Government. The honourable member for Prince Edward-Lennox mentioned the matter of bacon. I am making this next statement so that it will go on the record not only for the Department of Agriculture, but for those charged with the responsibility of disseminating information to the agricultural community of Canada. Mr. Chairman, a statement coming out that we are not going to have the full benefit of the contracts which we enjoyed in other days with regard to the export of bacon, has a very serious effect on the entire agricultural community with regard to the raising of hogs.

Now, for your information, sir, and for the information of the other members of the Committee, it has been my privilege to have had some experience in this regard. As my schoolmate, Mr. Tustin, very well knows, previously to coming to this House of Commons in 1921, my men were feeding over a thousand hogs. I know what it is to produce hogs. I know the cost in connection with the production of hogs, and I know something of the changing conditions, and how sensitive that entire industry is to any statement coming from anyone in authority with regard to the export market possibilities. I can visualize, sir, switching from the feeding of over a thousand hogs to a seat in the Canadian House of Commons; in other words, from pigs to politics. I went through that two decades ago; therefore I know. I have a feeling I know what I am talking about in this regard, and so I am putting on the record this statement: Those charged with the responsibility be very slow to make known a definite change in policy which would reduce an export market from 675,000,000 pounds a year to 450,000,000 pounds a year, because the entire agricultural community will be startled and worried about that. Not only is it for one year, but perhaps two years. Statements of that kind during these difficult and sensitive times are not necessary. Because of the shortage of labour conditions in the farming communities, Mr. Chairman, you will drop from 675,000,000 to 450,000,000 pounds without any change in the price, driving those who were producing this product out of that line of endeavour into some other line of endeavour. Coupled with that, Mr. Chairman, to my mind, is the fact that our own people also consume bacon, our own people are also hungry for ham. I asked for ham at the Chateau Laurier this morning for breakfast, and they said, "There is no ham." I know a member sitting in this Committee now who witnessed the fact that I had to eat sausage for breakfast this morning which was over 50 per cent filler, perhaps 55 per cent filler, and I could not get ham.

Mr. Chairman, the domestic consumption of pork products by the Canadian people is something which the Canadian people in days gone by have been accustomed to. What I am trying to say is this, you have restricted Canadian consumption of pork products by asking the Canadian people to refrain from eating pork products so that in a patriotic endeavour by refraining from eating these pork products they could fill their quotas to the British market. A sudden notice that you are restricting export by so much drives our Canadian producers out of production of pork whereas the extra production of pork could be very readily consumed by the Canadian appetite which has been developed for generations for the use of pork, and that same appetite having been restricted by the restrictions which have come to our notice due to wartime conditions.

The next point that I should like to make mention of is that the witness mentioned the possibility—I imagine running through his mind—of Canada making herself more or less self-sufficient in the matter of producing animal oils and fats and vegetable oils and fats to satisfy the requirements of Canada's population. Speaking first from the point of view of what our Canadians require in the amount of fat per capita per year, as a nation we perhaps consume more fat per capita per year than any other nation in this world except

perhaps France in the very early days before war conditions. On the other hand, we do not produce in Canada sufficient animal fat and vegetable fat for the requirements of our own people. It is a rather unfortunate thing to have to say that we, an agricultural country, are not in a position to make substantial exports of butter fat, for example. It is a rather unfortunate thing to say, Mr. Chairman, that we as an agricultural country in days gone by have imported into this country the equivalent of fat that is produced on the farms of Canada in the form of creamery butter due to the possibility of producing at a much lower cost in the Pacific islands, Ceylon, Sumatra, Nigeria, North Africa. All of those vegetable oil producing centres have been taken from us to a magnitude that this committee does not realize and there is a world shortage of the usual fat and oil consumption by the individual under the control of the Allied Nations to-day versus a great piling up—and when I say a great piling up I mean exactly what I say—a piling up of a magnitude that this committee does not conceive of in the Pacific islands, in North Africa, and for reasons of shipping space not being able to transport it to America, in Ceylon for the same reason, in India for the same reason, in the Pacific islands and Philippines for the reason that they are now under the control of the axis powers.

I want to point out in the matter of reconstruction and the matter of the deposition made by the witness just now as to the development of sunflower oil and these other possibilities in Canada, that it is all sound and good business to do that but bear in mind at the same time whilst you are doing that these tremendous stocks and possibilities of cheap production from peanut oil in India, palm oil in Nigeria and cocoanut oil and other vegetable oils in the islands now under the control of Japan. The figures are almost twenty to one compared to ours in Canada. They could submerge us over night. If the markets are opened on the one hand to our production here and our suggestion from this witness of sunflower oil and all the other oils that are possible within the vegetable kingdom, over night we will be submerged by the influx from the Pacific islands, from Ceylon, from Sumatra, from Nigera and from these other districts of which I have made mention.

Mr. Chairman, I rarely take part in these discussions although I try to follow them carefully, and I merely put this on the record so that you and your committee can try and get in your minds the world picture rather than perhaps thinking of the growing of a few thousand acres of sunflower seed in western Canada or other parts of Canada in order to satisfy this demand.

When I say that I add this, that as far as palm oil is concerned it grows first wild and it is harvested and it produces far more oil per hundred pounds of palm than you will get from sunflower seed per hundred pounds. It does not need to be planted. Nature has planted it in its wild state in the areas of which I speak. We think of our areas in western Canada being of some magnitude but the areas of which I speak in north Africa and the Pacific islands cover far more acreage than it is possible to plant in western Canada or any other part of Canada. God has put it there whereas man has to put it in our western prairies. When man puts it there it costs money and when God puts it there it does not cost any money. The natives there gather it at less expense than it is gathered here. It is shipped to England and to Rotterdam and those other ports where they have proper mechanized processes of one kind and another at much lesser cost, and after all the economic situation does enter into this when we are talking about sunflower oil and mustard oil and all these other oils.

I am just pointing out we have got to be half sensible about this thing. If any work is done on the deposition of the witness this morning that is quite good for Canada, but at the same time remember you have hanging over you this cloud of production which in magnitude is scores of times what they mentioned. At the same time the United Kingdom in her wisdom twenty years ago cultivated

wild production of these oils into groves of production picking out the very best species of those which were found in nature. Those groves—I would hardly call them orchards—those plantations sponsored by far-seeing United Kingdom people in the natural climate of Ceylon and Nigeria and so on are now coming into production after twenty or thirty years. Those groves are still there in spite of the war and they will come back into production. They are into production now if they can get the product away from these centres.

India has been trained for thirty years to grow these substitutes for butter produced in Canada and the sunflower seeds and whatnot explained by the witness. There is another point in that connection in passing. The yields from the products of which I make mention are ten to fifty per cent higher than any yields you will get from Canadian produced seeds of any kind, which all enters into the equation. Then, if China is relieved from the present war situation with the oil production of China they could dump into Canada and replace all of our oil requirements, and China was not miss the little bit of export that was necessary to satisfy Canadian requirements.

Therefore, Mr. Chairman, do not let us be carried away too much by these ideas. They are good, they are sound; it is necessary that we do something about it but let us realize at the same time the magnitude of the world situation. I saw in the city of Montreal some few years ago a tank steamer loaded with peanut oil which has the fatty acid equivalent of butter produced on Canadian farms of like measure, of like palatability, if you will, or of like satisfaction to the taste of the Canadian people as butter. When I saw that tank steamer it was so heavily loaded that no dock in Montreal could receive it for fear it would push the dock over. They had to lighter it out in the harbour into another tank steamer and then bring the two lightly loaded steamers into the dock and unload that in Montreal at a cost of less than three cents per pound. In that unit at three cents per pound was the equivalent fatty acid content as is in your Canadian butter at that day. Can you, Mr. Chairman, and the members of the committee visualize what might happen to the entire butter industry of Canada?

Mr. McDONALD (*Pontiac*): It would all go out of business.

Mr. HARRIS: The interrupter says that they would all go out of business. Of course they would.

Mr. McDONALD: But we have survived some way so far.

Mr. HARRIS: We have survived because we have the taste and sense and we have been trained to the use of butter. God forbid that we should lose that sense, but people are getting educated every day. Big signs come out on the billboards, "Use this shortening, use that shortening and the other shortening", urging you to put it on your bread instead of butter. In the next decade we have got to face up to the situation.

You can cut me off any time you wish, Mr. Chairman. I hope I am not digressing. I saw you look at your watch for the fifth time. I will take a look at mine for the sixth time. I have transgressed on the committee terribly. I do not purpose to transgress much more but I want to put that on the record as a warning for future generations. We survived, as the member says, for some reason or other. At the same time in the matter of reconstruction I feel it my duty to put this evidence on the record as to what is transpiring in the world position.

Might I be permitted to say something just briefly on the other matter which the witness mentioned, alcohol? The production of alcohol is very necessary, to my mind, for several reasons, apart from the one reason which runs in the minds of most of us. There are two reasons that I want to bring to your attention, Mr. Chairman, and the first is in the matter of solids. Presently there are scores of industries using mechanical means for the extracting of this,

that and the other from an original product. Alcohol is a solvent which could be used to save us many thousands of dollars and short circuit many, many processes. I am hoping that the chemical industry—and I address these remarks if I may to the institute of chemistry of which it is my privilege to be a fellow—I say to the institute of chemistry through you, Mr. Chairman, that when they are considering the matter of reconstruction after the war that first we, as a responsible committee investigating the problem, will be looking to the scientists, chemists and engineers to take a long-range view of what might be possible. I point out to this committee and I point out to the institute of chemistry, who know a good deal about the possibility of using alcohol for a solvent, that they in turn should address themselves to the task of using up many of our cereal products such as wheat which might be transformed into alcohol for the purpose of solvents. I ask all these engineers and chemists, in the conduct of all the plants and manufacturing institutions in Canada where mechanical processes are being used, to give consideration to the use of solvents from an alcohol base having in mind that they are serving the national interest by consuming more of our wheat and other products on the one hand, and having in mind that they in turn—and I want you to mark these words carefully—can put Canada in the lead as far as the change in the conduct of industry which has to do with the animal and vegetable kingdoms.

You will note that I left out the mineral kingdom because solvents have not got much relation to the mineral kingdom as compared with the animal and vegetable kingdoms. In the shape of things as far as Canada is concerned it should be of some magnitude, and if they will couple in their studies the matter of using solvents instead of mechanical devices to come to the end point in their final product which they purpose to market you will find that Canada itself taking that leadership will be able to consume a tremendous quantity of wheat in the production of these solvents and might very well give leadership to the world economy in getting away from iron and steel metals and iron and steel processes for the handling of products of the animal and vegetable kingdoms, if you can just grasp what I am trying to say. I am hopeful that they will address themselves to that task. At the same time we all know the possibilities of power from the C_2H_5OH derivatives of all kinds. I am hoping they will address themselves to that task although I do not feel competent to speak on that particular problem.

The CHAIRMAN: Gentlemen, I may say that we have now reached the hour for adjournment. We adjourn at this time to facilitate members getting their lunches before the rush hour.

Mr. TUSTIN: The reporters want a copy of the paper I have in mind. I have listened to Mr. Harris making his statement concerning the disruption there will be in the hog producing industry as regards the amount of bacon shipped to the old country within the next few years. In bringing that matter forward I did not mention the most important paragraph. I would now like to put it on the record. This is a C.P. report, dated Regina, November 30, and it says, "We are not going to keep on urging the Canadian farmer to produce enough hogs to supply the British market when the British advise us that they may not require our bacon production after the war," Hon. J. G. Gardiner, Dominion Minister of Agriculture, said here to-day in an interview."

Now, as Mr. Harris said, as a pork producer, I realize that the market is going to be very much disrupted at the present time by the reduction to 450,-000,000 pounds a year for the next two years. Surely a statement like this, if it is true, being made by the Dominion Minister of Agriculture, is going to disrupt agricultural production to a very great extent, and I feel at the moment that this committee owes a duty to the country to make representations to the Department of Agriculture immediately, if that is at all possible, through you, Mr.

Chairman, to see if this is a true statement; and, if not, that the statement be repudiated immediately.

Mr. PURDY: I think this will need to be clarified, but I do not like the joint mixture of pigs with politics.

Mr. McDONALD (*Pontiac*): I thoroughly agree with the last speaker.

The committee adjourned to resume at 2.30 o'clock p.m.

AFTERNOON SESSION

On resuming at 2.30 p.m.

The CHAIRMAN: We will just resume where we left off at 12 o'clock at noon when we were talking agriculture.

Mr. HILL: Mr. Chairman, I have listened with a great deal of interest to Doctor McFarlane and Doctor Cook and I think they have made a very, very valuable contribution to the considerations of this committee. At the same time while I consider this of very great value to the agricultural population of this country I must say that it appears to me that at the most this could only affect perhaps five per cent of agricultural production. What is worrying me is what is going to happen to the other 95 per cent which is the bulk of the agricultural population of this country. I feel this committee should make a very, very strong recommendation to the government to give a lead to the agricultural population of this country in post-war efforts. It appears to me that the government has three sources of information available from which it can make recommendations or definitely tell the agricultural population of this country just what will be required of them in the way of production after the war. First we have our agricultural department. Then we have the statistical departments of the National Research Council. These two departments can arrive very closely at what is required in the way of consumption of agricultural products by our whole population and they can tell the agricultural people almost to within one per cent what will be required for home consumption. When you add to that your Department of Trade and Commerce it is the duty of the Department of Trade and Commerce to find a market or to attempt to find a market for our exportable surpluses of agricultural products, or to build up a market for the export of the surpluses of our agricultural products. I claim these three departments of government could give a lead and that we should recommend strongly to the government that they do make the declaration to the agricultural population of this country as to what we require of them after the war in the way of live stock for exportable purposes to build up as has been mentioned in this committee the lack of live stock in these countries which have been devastated by the war. Furthermore, what will be required in the way of exportable products to give these countries a reasonable supply of agricultural products? And then further than that to tell the agricultural people of this country what will be required in the home consumption market. If they give this direction to the people the people have something to base their production on. If not, you are going to leave it to the individual agriculturist or to the agricultural society to decide what will be required and the only thing they can decide on is the actual local markets for their produce. That is the only definite information they have available. I think this committee should make a definite recommendation to the government that they put this in hand immediately and state to the agricultural population what will be required in order that there may be some stability in their post-war agricultural effort.

As it is at present we are getting into a position in my judgment of chaos in this country. In the last two years we have gone out and asked the agri-

cultural people to produce pork for Britain. Now with the greatest population of pigs in the history of this country we say to them that we may not have a market for over two-thirds of as much as we had last year. I think probably what was meant by this declaration is this, that we think we have a market for 700,000,000 pounds of bacon for Britain providing that the packers, labour conditions and farmers can produce them, but we are not binding ourselves to give Britain any more than 450,000,000 pounds a year. I think that is probably what was meant by this declaration. Because I know added to the declaration that we would only supply Britain with 900,000,000 pounds in the next two years was the statement to the farmer that they would take all they could produce.

Mr. Ross (*Calgary*): The Minister has told the farmers that Great Britain will take all they can produce.

Mr. HILL: He added that but he said we are only making a contract for 450,000,000 pounds a year. Therefore what has got into the minds of the agricultural people is that that is all that will be available to them as a market. I know that is a fact for this reason, that when that statement was made to the public immediately the price of pork products dropped on the wholesale market from 2 to 4 cents a pound, from 10 to 15 per cent. Down in my district young pigs which are raised by certain groups of farmers who specialize in brood sows for sale to other farmers who do not wish to be troubled with brood sows but buy those young pigs for raising and feeding for market purposes immediately dropped in price from \$5 to \$1 over night. These were young pigs from four to five weeks old. If that was not the impression given to the farmers why the drop in price of these pigs? And the price dropped all over the country in the eastern part. I am not speaking of the west as I do not know about it. Therefore the impression was created in the minds of the farmers that there would not be a market for their produce. Now, there may be other features back of this action. There may have been in the minds of those in authority that we would not be able to get feed enough to feed these animals. I still think we can; but I think it is the duty of this committee to make a strong recommendation to the government that they clarify the situation with regard to the agricultural production of this country in the post-war period. That is what we are dealing with, and to tell them definitely there will be a market in this country for so much of their produce and there will be opportunities in the export market and there will be the greatest endeavour made to increase the demand in the export markets particularly on the part of the Department of Trade and Commerce. This will create a stable outlook in the agricultural districts and will result in a much sounder position than they now occupy. Therefore I feel this committee should make that recommendation to the government at the earliest possible moment. You see, in this country we have different conditions. Control has been placed on the marketing of agricultural products and it does not work out the same in every district. Take your great industrial section. There the farmers have a ready market for fresh vegetables and other products or a market for any excess production of hogs is found in the packing houses. That is not available to people in the scattered districts. They have the local market only. They have not the packing house market available for their produce, and yet the control goes on which applies to the thinly-settled districts exactly the same as it does to the densely-settled districts, with the result the farmers in the small rural districts and small towns have no markets for their produce and have not been able to market them. The same will hold true after the war. Take the big industrial districts of Ontario, the big packing-house districts and you find that they will take all that the farmer will produce. The farmer can produce any amount he wants to and he has a market for his fresh vegetables and any excess goes right into the canning plants. It is not so in the west and it is not so in the

Maritime provinces or in some districts in the eastern townships or in Quebec. I know this to be a fact. I do not think it is so in northern Ontario. Therefore the farmers in these districts are reduced to producing only what they can market in the local section. Therefore I say that this committee should make a definite recommendation to the government that they take some action to clarify this in the minds of the agricultural people in this country so that they will enter the post-war period on a sound basis and will have a knowledge of what they are expected to produce, and will have knowledge that there will be a market for what they will produce.

Mr. HARRIS: I shall not take up much time of the committee, sir. Am I privileged to say a word? I want to endorse a good deal of what the hon. member who has just taken his seat has said. I remember quite well in looking over the evidence in the James report that the hon. member who has just taken his seat asked a definite and specific question as to what was definitely being done for agriculture in the matter of that report. You will find the reply on the record and it is that up to the present nothing has been done.

My real reason in rising is to point out one or two particular features of the difficulty the government is definitely in now in relation to the hog-producing industry. I base my remarks on this premise. We have practically asked the United Kingdom consumer of bacon in this new contract to reduce his weekly ration from four ounces to three ounces and in the reduction of this contract we have asked the Canadian producer of live stock to reduce his production in a like manner; and that prompts this idea that Britain now and when reconstruction is more vitally necessary than it is to-day will be looking more searchingly for other sources of supply. When that time arrives the Canadian farmers and the hog producers in particular will not soon forget the disservice that I have just referred to of the present federal government's administration of this policy. The Canadian people as a whole will likewise not be pleased with the particular position that we are faced with in forcing the people of Britain into a reduction of their bacon ration.

The CHAIRMAN: I do not want to interrupt any member. I am sorry but I missed the opening remarks. Are you dealing with the post-war period?

Mr. HARRIS: Yes, post-war.

The CHAIRMAN: Or the present bacon agreement? We have nothing to do with that.

Mr. HARRIS: I am trying to point out in the reconstruction period and post-war this is one market which we in Canada must have and nothing must happen now to put us in a position where we cannot almost demand that market. I am following up the remarks made so well by the hon. member who has just taken his seat. I come now more particularly to your interruption; that is, there seems to be an utter lack of intelligent planning in negotiating to-day's contract so that to-morrow in the reconstruction period we will have a basis on which to go. There seems to be at the same time with regard to the post-war period, no guidance. And in like manner the same applies to the guidance given to the Canadian hog producers; and in the future if we misguide them or give them any disservice now it does not take much to make them react unfavourably. Some little disservice done them, misguidance in the matter of future markets or anything of that nature now will make it that much more difficult in the future. The federal Department of Agriculture encouraged our Canadian farmers to expand their production of hogs to fill the contract with Britain without giving proper consideration to the important matter of quality. The failure of the government to provide proper control and inspection services

has now resulted in a scandalous condition of frustration. Now we are in a position where we cannot be as good as our word, to our leading customers, and a fair and frank statement on the matter is the least the government can do for the public. I am making this statement: If this is a sample of the planning we are to have for post-war markets, it is lacking in a fundamental construction of trade. If we are to secure and hold markets for our products, we must provide quality and value and learn the lesson of adequately supplying markets faithfully. With these words I endorse what the hon. member who has just taken his seat has said, and with your permission, Mr. Chairman, add this idea. We as a committee happen to be about the only committee that is sitting at the present time. The eyes of the public are focussed on you, sir, who are guiding this committee so well at the present time. I mean that when I say it. You have the opportunity now to remedy some of the damage which has been done within the last ten days to a very vital market which we are expecting that in the post-war period we will have a priority in. I do not think it is going beyond the confines of this committee to help to repair the damage that has been done in the minds of the hog producers on the one hand and I ask you, Mr. Chairman, to consider going into it further than that and assure the United Kingdom people that we can supply them with four ounces a week and that we are not expecting them to be cut down to three ounces a week. I think you will be doing a favour to Canada even though you are the chairman of a committee which is supposed to be a committee dealing with after-the-war problems.

The CHAIRMAN: I should say here I went out a while ago to speak to Doctor Barton. I tried to get him before and could not. I am now speaking of Doctor Barton, the Deputy Minister of Agriculture. I asked him if he would send me over a statement giving me the Department's viewpoint of the reduction in the amount of bacon to be sent to Britain according to the new agreement in so far as it may affect the post-war trading position of Canada. Naturally, I tacked that on to it because we have no authority whatever to deal with matters of the moment except in such a way as they may affect the post-war period. Now, when we adjourned at noon I tried to get in touch with Mr. Gardiner, the Minister of Agriculture by long-distance telephone at Regina, but he had left Regina for his home on the farm and all the farm knew was that they expected him there this evening. I wired him at Regina with the request that they forward the wire if they could catch him enroute to Lemberg. If I get any information I shall let the committee know.

Mr. Ross (*Calgary*): It is true that the amount of bacon which we agreed to supply to Great Britain during the next year is a smaller amount than we are supplying during the present year, but the reasons for it are obvious. In the first place it is due to a smaller amount of feed in the country to feed the hogs, owing to the crop failure during the present crop year, not a failure but a lessened crop throughout Canada of coarse grains during the present year. We have not the feed this year to feed the hogs next year that we fed during the current year.

Mr. CASTLEDEN: Would you say that was true of western Canada?

Mr. Ross (*Calgary*): Yes, as well as eastern Canada.

Mr. CASTLEDEN: How about the supplies kept over during last year?

Mr. Ross (*Calgary*): There were supplies of wheat carried over from last year. Coarse grains were practically a failure in southwestern Saskatchewan and southern Alberta.

Mr. CASTLEDEN: There is a lot of last year's crop.

Mr. Ross (*Calgary*): There are some coarse grains, but there is not enough to feed the hogs to carry out the contract we carried out last year. Mr. Gardiner made this very clear in his statement to the country.

Mr. TUSTIN: What about the thousands of tons of coarse grains we sold to the United States?

Mr. Ross (*Calgary*): We have not sold any since the 31st of July to the United States. We cannot sell it because we haven't got it. We need it all in Canada, and we are shipping some to Eastern Canada to help them feed hogs. We need quite a lot in Eastern and Western Canada to feed hogs. As a matter of fact, there is a scarcity of feed in the United States still, and the United States are lowering the price of their hogs by \$1 a hundred because they cannot get the feed to feed them. Feed is scarce on this continent at the present time. We have not got the feed to feed the hogs. In the second place we have not got the labour. There is a shortage of labour as well. Those are the reasons for the poundage being reduced for next year so much under what it was during the past year.

Mr. HILL: Were those reasons given by the Department of Agriculture? I did not hear Mr. Gardiner give those reasons.

Mr. Ross (*Calgary*): He gave those reasons according to the Press. Those reasons appeared in the Press, and those reasons were given by the Minister of Agriculture.

Mr. HILL: That is something new to me.

Mr. QUELCH: I would say in Alberta the reason why so many farms today are reducing the production of hogs is not on account of the shortage of feed, but rather because of the high price of feed. You may say the reason the price of feed has been put up is because of a shorter crop, but there are millions of bushels of wheat, and many farmers for years have been raising hogs on wheat, and would continue to raise hogs that way if wheat was not such a high price. That is the thing in a nutshell. If the bonus that is being paid on feed today was also made available to the farmers who feed that grain and who produce it, then the production of hogs would be continued.

I will agree with Mr. Ross that the labour situation is quite a serious one, but if the farmers were going to make a really good return out of the hogs, they would continue to raise them in spite of the labour shortage, but when the margin of profit is narrowed to such an extent as it is today, then they are not going to go to all that extra trouble. We know that is the situation in Alberta. I will quite agree that in certain parts of Alberta there are crop failures and there is an actual shortage of feed, but those farmers could still buy wheat in Alberta, all the wheat they need to raise all the hogs that are required to maintain their original quota if it was not for the fact that the price of grain is too high to make it worth while.

Mr. Ross (*Calgary*): Do you think the government made a mistake in raising the price of grain?

Mr. QUELCH: No, I do not, but I think if there is any desire on the part of the government that the production of hogs should be maintained that could very well have been done by making the bonus on feed grain available to the producer of the feed who is going to feed hogs and also by raising the price of hogs to make it worth while.

Mr. HILL: It has appeared in the press during the last month or two that quite an amount of wheat in western Canada is deteriorating to the extent that it will only be fit for feed. Have you any knowledge of that?

Mr. QUELCH: It is absolutely true. In my own district I was speaking to farmers around Morrin. They tell me that many farmers will have a very large amount of wheat that will be worth nothing except for hog feed. Practically all the wheat in that area that was stored in open bins and then covered with straw has badly deteriorated and is only good for hog feed. I would not like to guess as to what the percentage will be, but if the government really wanted the production of hogs to be maintained they could certainly stop this stampede of selling sows by raising the price of hogs by 3 cents, and by giving the bonus on grain to the producer who is going to feed it as well as to the one who raises it for sale. At the present time if you produce feed grain for sale you get a bonus. If the producer feeds that grain he does not get a bonus.

Mr. Ross (*Calgary*): Mr. Gardiner is a mighty good negotiator. I think he has done pretty well to get the price he has.

Mr. QUELCH: I am not kicking on that score myself but I think it wants to be clarified. It is not good enough to say it is on account of a shortage of feed. It is not that, because there are thousands of farmers in western Canada who have bins of oats and barley and who are selling their hogs, oats and barley. If there was a shortage of feed they would not be doing that. The fact that these farmers have barley, oats and hogs and are selling hogs and oats and barley proves it is not a shortage of feed. It proves that the price they can realize for that barley and oats is better than it would be if they fed it to the hogs. That is proof your statement is not quite correct.

I quite agree it is a dangerous point to raise. Everybody is going to say that the price of grain has ranged so high it does not pay to feed it. The government might say, "We will reduce the price of grain", but on the other hand the difficulty can be overcome by raising the price of hogs. The farmers have asked that the price of hogs be raised by \$3 a hundred.

There is another point that I want to speak on. I just mentioned these things because I thought there should be a correction. I agree that after the war for a number of years we should not be greatly perturbed about our ability to sell livestock. I think there will be a good market for several years. I would not like to go as far as to say five or six or seven years, but I say for about three years. After the last war we were safe for about two years.

I think, as Mr. Hill says, we should have a declaration from the government to the effect that prices will be stabilized. The farmers are not very worried about markets as long as they have the prices for their produce stabilized at a fair level. In spite of that fact I still believe that prosperity throughout western Canada will continue to a very great extent to depend upon the farmers being able to sell wheat profitably. I say that for this reason, that there are many areas of western Canada that are especially adapted for wheat and are not adapted for anything else. I know many of the dry areas do not seem to be able to raise barley or oats or flax. It may be possible to find a new crop. I do not think milkweed will grow out there. Cactus will grow in the drought area if you can utilize cactus, but wheat seems to do better than anything else. I think a quota system with a fair price is a sound system and a system that should be continued in the future. I do not think we should hope that the quota system will be removed. I think that system will have to be continued for a number of years. It may be advisable to allow the dry areas a larger quota than the park belt because in the park belt you can raise other things besides wheat. Therefore, when you have certain areas that can only raise wheat I think those areas should be given a larger quota because those areas are specially adapted for that purpose.

I know there are many pessimists—we seem to find these pessimists among the scientists chiefly—who claim that western Canada is indulging in wheat

mining, and that as a consequence the soil is deteriorating and after a while we will not be able to raise wheat in that country at all. Personally I cannot believe that. First of all I will give an example of that kind of pessimism. I have here a copy of the Budget publication of the Alberta Wheat Pool. I should like to read one of the paragraphs.

Writing in *Saturday Night*, Anne Fromer says that much of the soil on Canadian farms is in poor shape, due most recently to the fact that to meet the wartime food emergency most farms have been "mined"—crops harvested without proper rotation fallowing. She gives Dr. James as the authority for the estimate that by the end of the war one-third of all Canada's farm acreage will have deteriorated to the point where it will require three years of "doctoring" at a cost of several millions of dollars to restore the productivity.

The Budget goes on to say:—

About 70 per cent of Canada's farms are located in the three prairie provinces. There is no indication of any deterioration of the farms lands in these western provinces. In fact, there has been a larger percentage of land summer fallowed in the west during the past three years than ever before. Neither is there evidence of any exhaustion of fertility on the farms in Manitoba, Saskatchewan and Alberta. Last year in Alberta the wheat yield averaged just under 28 bushels to the acre, an exceptionally high figure.

Personally I do not believe the continued raising of wheat on land will reduce the fertility to any great extent. I say that for this reason; at Rothamsted experimental station in England in the county of Hertfordshire they have had plots in existence for over 100 years. On one plot wheat has been raised every year without any rotation and without any manure being applied. Last year the crop on that piece of land yielded 26 bushels to the acre, in spite of the fact that it has had a crop of wheat on it every year for the past 100 years. As a matter of fact, they found that it raised a better crop of wheat after a number of years than it did at the start. The yield increased and went up and then started to go down. Whilst the yield was 26 bushels to the acre last year on that land, land that was fertilized went as high as 50 bushels to the acre. Nevertheless fertility had been maintained fairly high.

Another point is the question of soil drifting. The question was raised by one of the speakers as to boxes or cardboard being made from straw. It is true that in the dry areas we are largely using combines to-day so that the straw piles are no longer available. I think straw that is returned directly to the land to a very large extent prevents soil drifting. We have found that. We are on heavy gumbo land. That land when it is dry is very subject to drifting. It has drifted badly in places but since the use of the combine we have had hardly any trouble with drifting. Now we are told by some of the experimental farms that eventually it is going to work the other way, that the continual application of straw to the land is going to make that land more subject to blowing than ever. a little more pessimism. Personally I am wondering whether that would be true. The application of straw to the land should not make it more subject to blowing as long as you continue to keep the straw on the top. Would not that in itself prevent the soil drifting? I should like Dr. McFarlane to deal with that question.

Then there is the question of subsoil. We have been told very often that practically all the fertility lies within 6 or 7 inches of the top. As a consequence of soil drifting in some cases the land has been blown away to a depth of a foot and yet we have found in spite of that as soon as the rain returned that that land, even though it had been badly eroded, raised very heavy crops. It seems to me that as long as you have a clay subsoil, even though you lose the top soil,

you may still raise a good crop. Over part of my area a lot of excavation work was done, various cellars, dugouts, etc. I noticed that that soil when spread on the top in succeeding years raised an exceptionally heavy crop. That soil came from 6 feet down so it does not look as if the fertility all lies in the top 6 inches of soil.

Then, as another proof, a lot of high level road building is going on at the present time. There we found that after the roads are built there is an enormous growth of weeds right on the new soil brought up from maybe 3 or 4 feet below. Therefore I do not take very much notice of all this pessimistic talk about wheat farming mining the soil and removing the fertility of it.

I am wondering whether it is not possible to do something to provide greater markets for wheat. Dr. Archibald told us last year that an average yield of wheat of 20 bushels to the acre converted into gasoline could bring a return of \$17 an acre. That is around 85 cents a bushel. I thought that was a very encouraging statement, but a few days later in the House, Mr. Howe told us it could only bring us 25 cents a bushel. I tried to get clarification of that from Mr. Gardiner but he said it must have had something to do with by-products. I was wondering if we could get a little more clarification on that point. Is it somewhere near 25 cents a bushel that we would get or is it nearer Dr. Archibald's figure of 85 cents a bushel? There is such a vast difference between those two figures. One might have taken the exact value of the return from alcohol and the other one might have included the price of the by-products. That might be the difference, but if in converting wheat into alcohol it will bring a return of 85 cents a bushel I believe there should be a valuable market in that field. I am wondering whether it would not be possible to utilize small plants. I understand that in Europe they have very small distilling plants. Would it not be possible to have small plants in localities where farmers could bring their wheat just in exactly the same way as they do to the local mill, and have that converted into tractor fuel for their own use? One of the very great cash outlays to-day is for tractor fuel. If it is possible to have a small plant installed locally so that farmers could take their wheat there and get it converted into tractor fuel it would mean a tremendous reduction in overhead.

The CHAIRMAN: Would you gentlemen answer one or two of those questions now if you can?

Dr. MCFARLANE: I think we are just slipping a little bit away from the subject. I am not any too comfortable when I come to talk about soil science but I feel quite sure that Dr. Archibald when he appeared before this committee—I presume he was talking about the P.F.R.A.—must have been discussing the question you were talking about. As to straw and so on in regard to soil blowing I do not think there is any doubt that the return of the straw to the ground will reduce soil drifting. There may be limitations to that. It can be too much of a good thing, opening up the soil too much, but the problem depends, of course, without going into soil chemistry, upon the extent to which that straw is broken down, the extent of the organic changes that take place, as to what effect you will get. If the straw happens in a good season to rot in the soil properly and convert into humus then you would not get an exaggerated opening up and porosity of the soil.

I made a statement in my own remarks—and it is based not upon my own observation but on that of others—that the first responsibility, of course, is to see that the so-called debt to the soil is repaid and that the organic matter is returned, but I am given to believe that once an adequate amount of organic matter in the form of straw is returned to the soil you could have hundreds of thousands of tons available for other purposes.

I do not think your reference to Rothamsted is quite apropos of western Canadian conditions in regard to the mining of the soil there and the con-

tinued growing of wheat. I was not aware that Rothamsted did not fertilize the fields on which they had grown wheat continuously for 100 years. I understood that was a tribute to the control and intelligent use of commercial fertilizer.

Mr. QUELCH: I saw a reference in the paper the other day. There is another reference in the Budget here. It says:

More remarkable is a field on which wheat has been growing for 100 years without receiving any kind of farmyard manure or artificials whatever.

Dr. McFARLANE: I stand corrected on that. I thought they were using artificial fertilizers. I have heard Sir A. E. Hall talk about that experiment. I knew that they were not using barnyard manure but I thought they were using artificial fertilizer.

In regard to the cost of producing alcohol and what the return would be to the farmer in terms of price per bushel of wheat, you can figure it pretty well for yourself. It has probably been pointed out to you before that there is no such thing as a cost of producing alcohol. The cost of alcohol depends directly on the cost of the raw material so that you can make your cost of producing alcohol whatever you like depending on the cost of the raw material. It is safer I think to proceed in this way, to take what would be the figures first for processing costs, how much you can deduct from that for the by-product value, and then you simply add on to that the cost of raw material. These are the three considerations; and then further you have got to divide that into two distinct plants; one where you are going to utilize the by-product—the stillage, the slops, in the liquid form or whether you are going to dry it makes a considerable difference. The figures I think can be taken as they are definitely established to be this, about $8\frac{1}{2}$ cents per gallon of alcohol under the first scheme which is the plant which does not dry the by-product, stillage; and in the plant drying the slops it would work out at about $13\frac{1}{2}$ cents a gallon.

You simply take the figure of two gallons of alcohol, as Dr. Cook mentioned—you get two gallons of alcohol per bushel of wheat, and I think that may be accepted as being fairly well established as the average figure, the figures may go a little higher or they may go a little lower but I think that is a fair average, there will be about two gallons of alcohol per bushel of wheat. So you simply then divide the cost of your raw material by two, if wheat is 60 cents a bushel, right there you have 30 cents per imperial gallon or 30 cents plus 8 cents or $8\frac{1}{2}$ cents which brings the cost up to 38 or $38\frac{1}{2}$ cents, from which you could deduct one half of one per cent for the value of the stillage per gallon of alcohol, fluid feed, and that would give you an average figure of 37 cents a gallon for the production of alcohol from wheat at 60 cents a bushel. Does that make that clear?

Mr. HILL: How much would the alcohol be worth?

Dr. McFARLANE: That would depend on all these different factors, that would determine what the alcohol would be worth. That is the answer to your whole question—how much you can charge to raw material depends on how much you are going to get for the alcohol afterwards.

Mr. QUELCH: Have you got the figure of the mash that would be resold from the process?

Dr. McFARLANE: Yes, I said deduct the value of the stillage; in the case of the 13·5 cents it really works out cheaper average cost of production in the net because of the value of your by-product. I think I have some actual figures as to that here with a production cost of 13·5, add 30 cents—that is

60-cent wheat and that makes $43\frac{1}{2}$ cents; deduct the value of the stillage, 7·2 cents.

And now, the third question you raise is the question which I mentioned in my remarks in regard to rural industries and did not see fit to elaborate on at that time, that is the question of producing alcohol in small community-operated distilleries such as you, sir, mentioned as practised abroad in Germany and Poland before the war. Well there is a very great treatise on that subject published by Joseph E. Seagram and Sons, Research Division, Louisville, Kentucky, entitled "food for thought." They have in mind just what you are raising a question about. They visualize small farmer-operated distilleries right in agricultural areas into which the farmer would bring such starch-containing material as he has available for fermentation—he would bring in his rusted wheat or damaged potatoes or whatever he might have that had any starch in it and it could be converted into alcohol; and he could take away from the distillery his stillage, and he would take back the alcohol for use as tractor fuel.

They believe the alcohol scheme which was proposed back during the depression and the late 30's by people in the United States and this country could never be successful as long as it involved the co-operation of the petroleum industry, and their proposal in essence is that the alcohol as such be used directly as a motor fuel, not blended with gasoline. That is the practice in the Philippines where you have a large sugar industry, tractors and automobiles in the Philippines are run on straight alcohol without blending with gasoline at all; and the International Harvester Company have made tractors suitable for running with 95 per cent alcohol. Whether they would run in this country satisfactorily with a temperature of 40 degrees below such as you have in western Canada or not may be another matter. They propose that this alcohol be used by the farmer for operating his tractor and his car directly. There are merits in that scheme and there are deficiencies in it, but that is what I think you have in mind.

Mr. HILL: What are the main deficiencies?

Dr. MCFARLANE: Well, there is one of which this last gentleman spoke; it would be a pretty tough proposition for the inland revenue people whoever is in control of alcohol consumption, to see that such alcohol would not enter into the liquor consumption business.

Mr. QUELCH: Could they not colour it much the same way as they colour gasoline to-day?

Dr. MCFARLANE: I would imagine they could; but what I am trying to point and what I was trying to point out this morning first and foremost to my mind is the fact that research is the price of progress; and it is the price of progress in agriculture just as in any other industry; and if research has such advantageous results in industry, not only in the chemical industry but in other industries, why should it not equally apply with advantageous results to agriculture? My remarks this morning were intended as a plea for your earnest consideration of greater appropriations for the furtherance of research in this country. And now, coming back to the specific question of alcohol costs, as Dr. Archibald pointed out in his evidence, it is true that particulars have not been worked out to the nth degree. It is another matter to take a scheme such as you have been talking about here and going out and setting up a community distillery in an agricultural area to say how that scheme will work out and what will be its cost. For example, what would be the cost of the raw materials? Then another point is will the farmer be justified in charging to raw material his overall estimate of his cost of production on those acres on which he grows

starch crops to put into the distilleries. At the same time it is quite reasonable to assume the opposite extreme and say that he could produce on a few acres of land on which he was not intending to grow anything else anyway a few bushels of some grain or some other farm products on which raw material cost to him might be equally justified when in reality it amounts to nothing. But I feel, and I think Dr. Archibald made it clear to you, that there is need for investigation of the cost of alcohol production under the type of condition which I have just been discussing here. The only way you could do that is to set up a small distillery in an agricultural area with the cooperation of the farmers and preferably with their personal interest and having their own money invested in that industry so that they are not going to desert the distillery after a time as he can get better money for his product elsewhere.

Dr. COOK: This has brought up the important point of alcohol cost. I think while I am in general agreement with Dr. McFarlane's picture I believe he is a little over optimistic in his opinion, and I am not in complete agreement with his picture of the costs. There are three costs; rather, two costs and a credit entering into the manufacture of alcohol. First is the cost of the raw material. That is an economic factor; and it may be 60 cents a bushel one day and 80 cents a bushel the next; it is very difficult to make a definite statement on that. One point is definite that we can by efficient operation get about two imperial gallons of 95 per cent alcohol from a bushel of wheat containing an average from 53 per cent starch.

Mr. QUELCH: Would that be some low grade of wheat, say number 6?

Dr. COOK: Dependent on the starch content; nevertheless, the starch content is not altogether related to our grades of wheat, and maybe a low grade number 5 wheat would have relatively high starch content.

Mr. QUELCH: What about frozen wheat?

Dr. COOK: The frozen wheat might be a little higher in protein and a little lower in starch. You probably would not get two gallons out of such wheat under all conditions, it usually works out around two gallons to the bushel, but you will not do it always; but, as I say, you should average out around two gallons.

Mr. Ross (*Calgary*): Could you get the same quantity out of soft wheat as you can out of say number one hard?

Dr. COOK: It is entirely related to the starch content, sir. The best index of alcohol yield is the starch content, and even some of our soft wheat may be comparatively lower in starch although soft wheat generally has more starch. Your general statement is true, but it may not apply to an individual parcel when you consider wheat from a given area.

The next thing is the conversion cost—and here is where we differ a little from Dr. McFarlane on the basis of conversion costs. There is your labour, your fuel, your capital cost of your plant which has to be amortized over some period say five years or ten years—there is maintenance, overhead, and so forth. Now, these figures vary in different parts of the country, quite substantially. Even if you take the most favourable picture of low price coal, which means low cost steam, and a very favourable labour position and a very favourable water temperature position—after all a lot of water is used in the distilleries for cooling purposes—you could perhaps get a distillery built, that will meet Dr. McFarlane's cost of 13·5 to 14 cents; but can all these favourable conditions be found in a particular locality. The situation has to be surveyed and it is quite unlikely that all of these low costs will

prevail at one given locality. There have been various figures produced. There was a committee of which Dr. McFarlane was a member, presented some figures in the report referred to this morning and I believe they came to the conclusion that it would cost 20 cents; another group, that it would cost 10 cents; and one could harmonize all these ideas when you see what makes up the fundamental cost. I would say that if you built a complete distillery with a dry house you would do very well—I am speaking of a modern plant grinding 5,000 bushels a day—if you reduced your conversion costs with present fuel and labour costs which may be the same after the war—I don't know—to 18 cents per gallon. It will be even higher in certain localities, probably less in others.

Then you have the last item, the credit for your feed, and in this case I am talking about the distilleries that dry their grain. Dry distillers grain may vary in price from \$10 to \$40 per ton. I believe the higher figure of 2 cents per pound can be obtained now in certain localities. If we start distilling alcohol on a scale that would provide a 10 per cent alcohol blend in Canadian motor fuels could we be sure of a return of more than \$10.00 a ton for feed at the site? Remember, that the distillery might not always—I am talking of large commercial practice—be located near the feed market and there would be distribution costs intervene between the plant and the market, you might have to ship it by rail in order to reach an ultimate market.

Then, too, we are considering this proposition in terms of power alcohol, we take this pure alcohol and we mix it with gasoline; what is the price of gasoline in that particular area? That is a matter which determines what your bushel of wheat is worth for fuel purposes. If we assume a 10 per cent alcohol blend—we are talking about a ten per cent scheme at the moment—the cost of 10 gallons of blended fuel will be increased by the amount a gallon of alcohol costs in excess of the gallon of gasoline it displaces. Let us say this difference between the wholesale cost of gasoline and alcohol at the distillery is 30 cents. Then the consumer must pay 30 cents more for one gallon in ten, or three cents more per gallon of blended fuel. Since a bushel of wheat will produce two gallons of alcohol or twenty gallons of blended fuel that means that the consumer subsidizes wheat used for this purpose to the extent of 60 cents per bushel or the amount he must pay over and above the cost of ordinary liquid fuel. This is the factor that really determines the real value of the wheat for power alcohol manufacture if wheat cost 80 cents and it is subsidized to the extent of 60 cents per bushel, the real value of the wheat for that purpose would be the difference or 20 cents. I am just talking round figures, as an example to answer your question.

Mr. HILL: What percentage of alcohol is used with the gasoline?

Dr. COOK: I am speaking of a 10 per cent blend. When you add one gallon of alcohol to nine gallons of gasoline it will improve the octane rating of the lower grade fuels by about 10 points; that is the equivalent of about half a cent's worth of tetra ethyl lead per gallon. This would reduce the three-cent differential in the example to 2.5 cents.

Mr. QUELCH: I do not think anybody would suggest that at present prices that would be feasible, but none of us are sufficiently optimistic to hope that the present price of wheat is going to be maintained at that level. For instance, if we go back to wheat at 70 cents a bushel, which was the price which prevailed until recently; well then, with the price of number one wheat being 70 cents a bushel the price of number five or number six would be down to perhaps 30 cents, or around that, to the farmer; that would be actually what he would

receive. Therefore it should be possible I think to consider utilizing that low grade wheat, especially for the benefit of the farmer; and you would have the mash available for the feeding of hogs. I think this matter should be carefully investigated and I for one would like to see one of these pilot plants established somewhere to try it out and see what could be done, even if we have to give it up eventually. The experiment would certainly be worthwhile.

Mr. HILL: Surely you are not optimistic enough to think that gasoline is going to stay at its present price?

Mr. QUELCH: I am optimistic enough to believe that the farmers will have to pay that price.

Mr. Ross (*Calgary*): I think the difference between Mr. Howe's statement and Dr. Archibald's statement is due to this fact; I think Mr. Howe based his figures on the price of alcohol before the war, on the normal price of alcohol before the war, and I think Dr. Archibald based his figures on the price of alcohol to-day, which is two or three times as much as it was before the war. I think that is where the difference was between them.

Mr. QUELCH: With the price of wheat at 70 cents a bushel the farmer would only get 52 cents for his number one wheat, and then when you come on down to the low grades he would only be getting 30 some cents a bushel, so that two gallons a bushel would only mean 15 cents for your wheat.

Mr. CASTLEDEN: Mr. Chairman, I think this committee is to be congratulated on hearing what has been presented to it to-day, and I think the purpose of our committee being to try to restore agriculture to its proper place as the basis of our national wealth, I think it is certainly evident that in Canada, on the basis of our vast experience, the condition of agriculture across the dominion is such that something has been basically wrong. It is presentations such as we have had to-day with regard to these small industries that might be developed and what has been carried on in research, that are all to the good. Agriculture in Canada is pretty much a pauperized industry; and we are losing and have been losing rapidly both in pre-war years and for other reasons, war reasons, agricultural population; and I think it is a very very important matter for this committee to look into things that are basically wrong and that have been basically wrong in the past. I was heartily pleased to hear Dr. McFarlane say in reference to research, that research alone is not enough, that it is necessary that the producer have some interest in the industrial development. Looking over the history of Canada in the past, research has not always meant that the producer has benefitted, the benefits of science have not been made available either to the producer or the consumer in this country in the way that affected them very favourably economically. It seems that there were other persons. Now, it is pointed out that Canada has a very small consuming population, that we have not consumed the amount nor the quality of the goods that we might have in this country. Something has been basically wrong there. In spite of all the developments that have taken place, something has prevented the people of Canada from consuming even their proper share of the abundance with which they have been and can be supplied by their own efforts in this country. I think we have an example at the present time of that in the egg dehydration plant at Saskatoon. I think Dr. Cook mentioned that as being a splendid development as has been pointed out; has it meant that the producer of eggs in that part of the country has benefitted by even having a fair parity price for his eggs? I do not think it has. Then we talk about refrigeration, and the rest of those things; are we sure that the benefits of these are going to accrue to the producer or the consumer? How can the benefits of science be made available to the

producers? Would you suggest something in the way of the farmer owning some of these industries or having a share in them; in say a co-operative way, rather than allowing industry to have it? It seems to me that industry in the past has been the beneficiary. Why spend money on research and formulae or development, and have the whole thing handed over lock, stock and barrel to some private concern whose interest is not necessarily the improvement of the standard of living on the farm? You talk about turning straw into structural materials for farm housing; are we sure that after we have developed that and produced a formula and an industry to produce construction materials that those interested in the selling of lumber will not get hold of the formula and get hold of the industry and prevent its manufacture, prevent its use? Certainly there is no field in which it is more necessary that we do some effective work than in rural housing; and the construction association that appeared before this committee the other day said that they had no figures on rural housing which would be within the reach of the pocket book of the farmer. I think it is very important that the producer should have more interest in the processing, I think it is of even more importance that he should have more interest in the processing of his by-products. What suggestions would you have along that line?

Dr. COOK: Well, I think Doctor McFarlane has made a very good suggestion in relation to alcohol. For instance, that it might be done as a community enterprise, and I think a good deal of this should be done as a large community enterprise, perhaps a cooperative enterprise. The reason I suggest that is, if I may return to the alcohol picture as an example for a moment is that we know that as plants increase in size, the conversion costs tend to be smaller. In those small plants, very small plants, the cost might be out of the question. However, there is another point we must keep in mind. One year there may be a surplus of wheat, in another year there may be a surplus of some other commodity, and the idea of a cooperative arrangement would probably be the best means for handling this situation. Here again large cooperatives might be better than small plants placed over a number of areas. I am heartily in favour of community enterprise, but the cost of some of these developments comes high. Straw processing, if it should be developed, might succeed as a decidedly local enterprise. I do not think any farmer in the West, as I know them, would wish to haul his straw for a low price per ton to some centre where it would be baled and shipped to some industry, and then buy the materials back. I really believe these developments will have to take place on the farm, if they are to succeed. On the other hand, we know nothing about the cost of small-scale distillery operations; the cost picture as presented applies to large, modern distilleries. I think one of the things that requires investigation is the cost of producing alcohol or straw board or other materials which may be used either for fuel or building material on the individual farm or as a community enterprise.

Mr. CASTLEDEN: Have you any data on the construction of straw board?

Dr. COOK: No, I have nothing with me. There are many patents and quite extensive literature for doing this industrially, but the farmer lacks equipment for doing it himself. We are working on a process now in an effort to bind the material together, which is necessary both for fuel and for building materials. It can, of course, be put with an admixture of asphalt, or such sticky material, but it is not usual for the farmer to have these materials available. We are trying to treat this straw and then press it into condition. Whether it is a practical operation remains to be seen.

Mr. ROSS (*Calgary*): What is the processed straw being used for, for fuel or for boards or plastic? What is it being used for so far as you know in any part of the world at the present time?

Dr. COOK: In the United States there is quite a straw board industry. They use that straw board where we used corrugations in between two layers of kraft to produce corrugated board to quite an extent. There has been equipment developed for making bricks for fuel, briquettes, if you like, from straw. The machine is known as a Pres-to-logs. I understand, though, that equipment has never gone into wide use, but is being used to process sawdust and wood waste along the same line. Great Britain, during this war, has developed methods for treating straw with alkali, which allows the cellulosic material to be more digestible by animals, and that, I think, has gone into quite extensive use over there as a new development. The use of straw for those purposes is determined very largely by the cost of competitive materials such as wood pulp and so forth, and, of course, probably is beyond immediate industrial development in Canada, since we export large amounts of wood pulp; whereas the United States, on a net import basis, is much more interested and the economic picture is more favourable to the production of materials from straw. But there is no great lack of technical information. Paper is being regularly produced from straw, paper which we will call kraft and paper of a fine notepaper quality.

Mr. ROSS (*Calgary*): Are the prices down there sufficiently large to allow a small plant to do this work?

Dr. COOK: I understand down there the prices paid are great enough to enable the farmer to haul the material. It is baled.

Dr. MCFARLANE: For Mr. Castleden's information there is a laboratory called The Northern Regional Research Laboratory which has a division on the utilization of agricultural residue, which gives a very detailed study of the cost of handling and processing and so on of the various types of straw, combined straw and stack straw in the United States. These figures may not mean very much in western Canada. We will have to make our own studies of our own special conditions.

Mr. CASTLEDEN: What is that?

Dr. MCFARLANE: The Northern Regional Research Laboratory at Peoria, Illinois. May I also add a word to what Doctor Cook has said about the question of community distillery? With reference to the farmer's interest in these commercial enterprises it seems to me the history of our corn starch industry in Canada is quite illuminating. Before the war starch and starch products in this country were manufactured I think I am safe in saying, entirely from imported South Africa corn, which was brought here by boat into the lakes to Prescott and so on, at a time when they were growing corn in Essex and Kent counties. Now, the trouble as I understand it was simply this, and it gives an illustration of the lack of understanding of cooperation or the proper spirit of cooperation between the producer and the industrialist. The trouble I understood was first made out to be the question of grade and quality of corn. That idea is definitely secondary to the big difficulty, being the assurance to the starch manufacturer of a constant source of supply. In such years as it was favourable to the Essex and Kent manufacturers to sell their corn to the starch factories they endeavoured to do so. In such years as they could get a better price in the feed industries as feed then there was no corn available for the industry, and you see, gentlemen, no industry could continue to operate under a basis like that. I am not laying the blame at anyone's door, neither the agricultural people nor the people in the starch industry but it does serve to illustrate very well the farmers have found a very definite financial interest in these products, and when that happens you may be sure of the continued support of that class.

Mr. CASTLEDEN: It would also require some planning ahead in a large way to take care of their production. They would know what markets were available?

Dr. MCFARLANE: Yes.

Mr. QUELCH: Is the small distillery plant an expensive one? Can you give any estimates of what a certain capacity would cost?

Dr. COOK: The best round figure for the complete plant, that is one capable of drying feeds, would be in the vicinity of \$200 per bushel daily grind. When you reduce that to a smaller grinding capacity the figure can be easily twice that. In a very small plant capable of grinding 20 or 25 bushels per day, which is taking it to the other extreme, the cost will be in the vicinity of \$400 per bushel daily grind.

Mr. CASTLEDEN: What would be the weight of the residue per bushel of this mash for feeding purposes after the alcohol has been taken out?

Dr. COOK: I will have to qualify that a little bit. There are a great many differences. The distiller's bushel, regardless of the grain, is nearly always 56 pounds, because he has used corn. Again, the method of using wheat is not to use the whole grain as is done in corn. The material is milled to produce this granular flour and, of course, that extraction varies between 70 to 75 per cent of the total weight. The difference is, of course, recovered directly. Now, none of the plants that I know of at the present time are recovering any of the gluten that is left in the fermentation of the starch but potentially the system is capable of yielding about 20 pounds per bushel of the wheat; that is, a 60-pound bushel.

Mr. CASTLEDEN: That is really a better feed than the original wheat.

Dr. COOK: If protein is needed for the animals' diet, yes.

Mr. ROSS (*Calgary*): In the course of introducing Doctor McFarlane the Chairman referred to the fact he had something to do with the making of the agreement for products in South America.

The CHAIRMAN: No, I said Doctor Cook was on loan to the British Ministry in Brazil.

Mr. ROSS (*Calgary*): In Brazil?

The CHAIRMAN: That was Dr. Cook.

Mr. ROSS (*Calgary*): I was wondering if as a result of that he learned that there is any outlet there for our Canadian farm products or what the prospects would be of our selling some of our farm products to the South American countries. Is he prepared to discuss that?

Dr. COOK: Well, I can discuss it very briefly in general terms. Actually my tour was through practically all of the South American countries, but we spent most of our time in Argentina. Argentina is an enormously rich agricultural country as you know. At the present time they are burning such agricultural products as flax, wheat and corn. There is reason for it in that they lack other sources of fuel.

Mr. HILL: It is economically sound for them to do so.

Dr. COOK: I would say there would be possibilities more along the lines of forest products in the Argentina. They have practically no wood down there except the Quebracho or the man-planted Eucalyptus trees. They use the bark of the Quebracho trees to make tanning extracts and the wood is used as fuel but it is too hard to be worked. I would think they might be a potential market for pulp and paper and perhaps even woods. I cannot really see our selling them any agricultural products because their costs of production are so far below ours.

Mr. Ross (*Calgary*): Brazil is a country that could use wheat. Has she any? I suppose she would get it from the other South American countries.

Dr. COOK: Yes; I think Brazil generally is on a net import basis for a number of agricultural products but I think it would be rather small. They do, of course, grow plants that could be great potential sources of starch and materials for fermentation industry, tapioca and so on, which gives large yields per acre.

Mr. Ross (*Calgary*): Do you think there is any chance of imports into South America of agricultural products?

Dr. COOK: Again I can only comment generally. The Argentine is almost entirely on a net import basis for fuel and manufactured goods.

Mr. CASTLEDEN: How is it the Argentine can grow flax more cheaply than we can? What is the basic reason for that, a lower cost of the value of the land?

Dr. COOK: Essentially they follow the practice of large holdings called estancias. It is essentially a feudal system. Under that system labour costs are much lower than in this country. The Argentine is a country of great plains and is a very rich agricultural country, lacking stones and trees, unless they are man-planted. The land is very fertile, as well. The production of animal products is, of course, the biggest item. And there one can see that, where the animals can pasture the year round, where they are close to the market in Buenos Aires, where the packing is done, costs of production are very low. I think, however, the primary factor in reducing the cost is the cheaper labour and the fertile fields.

Mr. CASTLEDEN: And constant rainfalls.

Dr. COOK: Yes.

Mr. GILLIS: Mr. Chairman, I am very much interested in the whole discussion but I think it is getting a little far afield when we talk about foreign markets. I was interested in Doctor McFarlane's statement. The essential thing at the moment is to interest the government in the establishment of some large research laboratory situated in Canada for the purpose of developing plans for the utilization of our resources. Secondly he made a statement that it should be done on a Canadian basis. In the past the American companies and interests have held us up and dominated our markets largely because of patents that they held. Is not that also true of the Canadian industrialization? Are there not patents held up and pigeon holed in this country for years which would have pushed us ahead to a great extent from a technological standpoint? Another thing I am interested in is this: If the Canadian government does develop a laboratory of that kind to carry on the necessary research to make it possible for Canada to develop plants and patents. Is it not reasonable then from that point on to ask that instead of handing it over to the people to be operated by themselves as they operated it in the past, the Canadian government to carry on that program and develop it and operate it for the interest of the people. I do not think you are going to get any change by restricting the thing to Canada on the assumption you are going to break the control in the United States, because Canadian and American industries interlock. They are part and parcel of each other. I agree with you a hundred per cent that the program you suggest should be carried out, but I am also taking the other step by recommending to the government that they follow through and operate the plants that have been developed as a result of their research exclusively in the interests of the people and keep control completely of any patents that they may develop.

Dr. COOK: I might make one comment on the patent situation. The National Research Council, as you know, holds certain patents. Some of them perhaps are not developed, but I know of none that has been pigeon-holed, because we reserve the right to say if they are not reduced to a working basis they lose any exclusiveness in the licence they may have.

Mr. GILLIS: I do not mean those in the hands of the National Research Council. There are companies in this country—

Dr. COOK: I could not answer that question. The other is the case of the Regional laboratory. The system there with regard to public utility patents is that the United States rights are held by the government but I believe individual government investigators like other individuals can hold patents in other countries.

Mr. CASTLEDEN: There was another statement that I thought was most revealing and at the same time one of the most alarming that was made to us to-day. Those of us who study what is happening in Canada and see our natural resources taken from us and leave the country are somewhat alarmed. It seems to me one of the most vital ones to our future success and development which we are losing, as has been evidenced to-day, is the brains and trained ability of these skilled technical experts from our universities. An economy that cannot retain within its borders those people whom we train, the finest resource we have to-day, the brains of our young people, has something that needs to be drastically altered. Can you suggest any way in which we in Canada could utilize these people within our borders and make available to them opportunities which would reward them for staying within Canada?

Dr. MCFARLANE: I spent considerable time in all my remarks trying to suggest a way.

Mr. CASTLEDEN: Other than a research laboratory.

Dr. MCFARLANE: I think we have to make research opportunities in this country for these men. I did not wish to imply this morning that the success of this venture would necessarily depend on having a large research laboratory. Personally I think the size of the laboratory is of minor importance compared with the size of the salaries. The big problem, when you get men working in industrial research, and especially working for a governmental department in industrial types of research, is they are immediately offered much larger salaries by private industry. I would point out in the types of industrial development we have been talking about to-day to get the men with the necessary background of experience in industry and also trained chemists or chemical engineers you have to pay quite large salaries.

Salary is not necessarily the governing factor altogether. I had a very interesting letter from a Canadian born in Edmonton. I won't mention his name. He is a man close to fifty who holds a very high position in the pulp and paper industry in the New England States, a first-class man in his industry. He said he would be prepared to come back to-morrow at a very great sacrifice of salary if he thought he could do anything to contribute to the industrialization of the prairie provinces. I think there are a lot of men like that, but there are two points that I have made clear. First of all these men have to have a reasonably adequate salary; secondly, and most important, these men can only work successfully and efficiently provided they are not the buffet of political changes, and so on. The primary function in the establishment and organization of a research institution is to take it as far away from politics as you can possibly get it.

The CHAIRMAN: Any further questions? If we are through with general questioning, I have just received a statement from Dr. Barton, Deputy Minister of Agriculture. I will read it to you firstly so that you will have knowledge of the departmental stand, and secondly, so that it will be part of the record. I want to say this, that a good deal of our discussion to-day related to current events rather than post-war possibilities. I permitted the discussion because, as has been pointed out, so far as agriculture is concerned, the future of the industry depends a great deal on what is being done during the present. However, I do not want to create any precedent or have members of the committee take to-day's discussion and the reading of this letter as a precedent in other questions that may arise, although this is partly related to post-war. The letter is dated to-day, December 1:—

Dear Mr. Turgeon,—

In reply to your enquiry with respect to the reduction in the quantity of bacon to be shipped to the United Kingdom under the new agreement as compared with the agreement of 1942-43, I would say that it was considered that a reduction in hog production during 1944 was to be expected chiefly for two reasons.

First, in eastern Canada the disappointing crop makes it necessary for the great majority of those who feed hogs to buy a much larger part of the grain they will require than has been the case in the past. It is estimated that at least twice the quantity of western grain moved to the east last year will be required this year to maintain live stock production on a somewhat reduced basis. Owing to difficulties in transportation in the earlier part of the season it was apparent that many producers were already contemplating some reduction. While the grain is now being made available in large quantity the fact that farmers have to buy grain, instead of feeding their own when it has been available in the past, will result in curtailment of production. In western Canada the higher commercial values for grain will tend to curtail production, particularly in the more strictly grain-growing regions where grain producers have undertaken hog production as a war effort and especially when market outlets for grain were more restricted than they are now. Another factor is the disappointing crop in large areas, particularly in the province of Alberta and to a lesser extent in the province of Saskatchewan.

The new agreement extends for a period of two years and calls for not less than 900,000,000 pounds, or 450,000,000 pounds per year as a minimum. The agreement of 1942-43 called for 675,000,000 pounds for the period November 21, 1942, to December 21, 1943. While this means a considerable reduction in quantity for a twelve-month period, it is, nevertheless, a substantial quantity of bacon and represents a much larger proportion of the pre-war bacon importations of the United Kingdom than we were able to supply after the last war. Our highest export between the two wars was 192,000,000 pounds in 1937. In 1938 we exported 168,000,000 pounds.

While it is not apparent as yet what effect our reduced quantity may have on the United Kingdom ration arrangements, apart from this it would seem that if Canada were exporting 450,000,000 pounds of bacon or more at the close of the war she should be in a position to fill an important place in the United Kingdom import bacon trade.

Yours very truly,

H. BARTON,
Deputy Minister.

Are there any questions? If not, I should like both of you gentlemen, Dr. McFarlane and Dr. Cook, to accept from me on behalf of the committee an expression of thanks and deep appreciation of their presence here and for what you have given to the committee by way not only of information but of inspired thought relating to the future of agriculture, particularly at the end of this war. This committee is extremely anxious over agriculture. I read to you a while ago that part of our interim report made last June which dealt with agriculture. I feel we are now in a much better position to make a further report to the House of Commons on agriculture, a report with more concrete recommendations than we were able to make, say yesterday, before we had the benefit of your attendance here.

To-morrow we will meet in the railway committee room. We will have the Premier of Nova Scotia. I do not know just how large his delegation will be but I think he will have some of the members of the reconstruction committee of that province with him. That will be at 10 o'clock. At noon I expect Premier McNair of New Brunswick to arrive with a party. They will be with us in the afternoon. I am hoping, though I am not yet quite sure, that Premier Jones of Prince Edward Island also will be with us. I am inviting any members of the Senate Committee on Reconstruction who may be in town to sit in with us to-morrow for the Premiers of the Maritime Provinces. We stand adjourned until 10 o'clock to-morrow.

The committee adjourned at 4.05 o'clock p.m. to meet again Thursday, December 2, 1943 at 10 o'clock a.m.

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SESSION 1943
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 35

THURSDAY, DECEMBER 2, 1943

WITNESSES:

Hon. Alexander S. MacMillan, Premier of Nova Scotia;
Dr. E. S. Archibald, Director, Experimental Farm, Ottawa;
Hon. J. B. McNair, K.C., Premier of New Brunswick;
Dr. Norman A. M. MacKenzie, Chairman, Reconstruction Committee of
New Brunswick.

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MINUTES OF PROCEEDINGS

THURSDAY, December 2, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10 o'clock a.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Authier, Bence, Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Eudes, Ferron, Harris, Hill, Jean, MacKenzie (*Neepawa*), McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—25.

The Chairman read a letter from Hon. H. G. T. Perry, Minister of Education and Chairman of the Post-War Rehabilitation Council of British Columbia, submitting a copy of the Summary of Recommendations contained in the Interim Report of his Committee. On motion of Mr. McDonald this was ordered printed as Appendix "A" to this day's evidence.

At the request of Mr. MacNicol, who was unavoidably absent, the Chairman read a recommendation from him of certain projects in the maritime provinces which he thought should be proceeded with.

The regrets of Mr. Gillis on account of his unavoidable absence was expressed by the Chairman.

Mr. Black (*Cumberland*) read part of a telegram from W. A. Caunt, Burlington, Ont., respecting the production of oil from coal.

The Chairman introduced Hon. Alexander S. MacMillan, Premier of Nova Scotia, who was then called and examined.

Dr. E. S. Archibald, Director, Experimental Farm, Ottawa, was called and examined.

The Committee adjourned at 12 o'clock noon, to meet again at 2.30 p.m. this afternoon.

THURSDAY, December 2, 1943.

The Committee resumed at 2.30 p.m. to-day. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Authier, Bence, Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Eudes, Ferron, Hill, MacKenzie (*Neepawa*), McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—22.

The Chairman introduced Hon. J. B. McNair, K.C., Premier of New Brunswick who had just arrived, and asked him to introduce the delegates who accompanied him, who were as follows:—

Dr. N. A. M. MacKenzie,
Hon. J. G. Boucher,
Mr. F. S. A. McMullin,
Mr. R. A. Tweedie,

all being members of the New Brunswick Reconstruction Committee.

In attendance was:—Dr. D. B. Finn, Deputy Minister of Fisheries, Department of Fisheries, Ottawa.

Premier MacMillan was recalled and further examined.

The Chairman thanked the witness for the splendid presentation he made for Nova Scotia and the Premier expressed appreciation of the hearing he received and assured the Committee of further co-operation. He then retired.

Hon. J. B. McNair, K.C., Premier of New Brunswick, was called. He presented a brief and retired.

The Chairman informed the Committee that Hon. J. E. Michaud, Minister of Transport, had requested him to express his regrets at his inability to be present. He had, however, sent his Secretary, Mr. Bosse, to represent him.

Dr. Norman A. M. MacKenzie, Chairman of the Reconstruction Committee of New Brunswick, was called, presented a brief and retired.

The Committee adjourned at 5.40 p.m. to meet again at 10 o'clock a.m. Friday, December 3, 1943.

J. P. DOYLE,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
December 2, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10.00 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: Before dealing with the matters that we have mentioned discussing this morning I want to read a letter which I received from the Hon. H. G. T. Perry, Chairman of the Post-War Rehabilitation Council of the Province of British Columbia. May I say that Mr. Perry is also Minister of Education for that province. His letter reads as follows:—

Following a special session of this council held at the Parliament Buildings, Victoria, British Columbia, on the 22nd and 23rd instant, I am directed to forward to you, for the record of your committee, a copy of the interim report and recommendations of this council tabled in the legislature at the last session.

I am further directed by my council to forward you a copy of the summary of recommendations contained in this interim report for each member of your committee.

These documents are going forward to you to-day under separate cover.

I would like to have authority to the clerk to print this summary of recommendations which I have handed to the clerk as an appendix to our proceedings so that the members of the committee will have it before them for study before the province of British Columbia comes before the committee.

Motion by Mr. McDonald (Pontiac) to print agreed to.

The CHAIRMAN: I have two statements to make to the committee from members in connection with their impossibility to attend our meeting to-day when Premier MacMillan of Nova Scotia is before us. I have one here from Mr. MacNicol which reads as follows:—

As I have to return to Toronto to-night and shall not be back to the sittings of the committee this month, I will thank you to read the following which is an observation I would have made had I been here.

A. As to the Island

Having visited P.E.I. on a number of occasions to enquire into transportation to and from the mainland I was always impressed adversely with the inadequacy of dock facilities both at Borden and Tormentine. I believe when P.E.I. entered Confederation she was promised a tunnel under the Northumberland Straits. If a tunnel is too costly or not feasible then the least we can do is build large and adequate loading and unloading facilities so that the island productions and her people may get to the mainland in much less time than it now takes. The provisions for entrance to the ferry and exit from it could be and should be greatly speeded up.

Then there should be two ferries each equipped so that motor and rail traffic to and from the island could board and deboard much more speedily.

On my last trip to P.E.I. I examined Charlottetown harbour carefully and its dock facilities. These are wholly inadequate. The main dock does not provide sufficient depth of water for fair-sized ocean ships. The main dock should be extended out at least thirty feet more or less.

Charlottetown has a magnificent harbour that because of the fertility and scenery of the Island would be more greatly used for commerce and tourist traffic, and here again at Charlottetown ample provision should be made for boarding and de-boarding motors.

Just one other matter; I examined the possibilities of a canal across Chignecto Isthmus. The engineering difficulties are of fair size owing to the difference in the use of the tides on each coast, but I believe a marine railway or canal is worth sincere consideration. A short cut across the Isthmus would greatly increase maritime ship traffic to and from the St. Lawrence and Lake Ontario ports.

I recommend these projects for consideration for after the war rehabilitation.

We have a message here from Mr. Gillis, a member from Nova Scotia, who has asked me to inform you, Mr. Premier, and the members of the committee, that he regrets exceedingly that it is impossible for him to be here today as he has been called to attend a court-martial at Petawawa Camp on behalf of one of his constituents; so I give to you and the committee his regrets.

Mr. BLACK: Before you proceed, Mr. Chairman, I have a telegram here; I will just read a part of it. The gentleman concerned asked me to place something before this committee:

Referring your remarks reported today's *Toronto Globe and Mail*, wondering why so much pioneering work in extracting oil from coal was required in Canada when Britain, Germany have successful processes operating.

Suggest you move that special meeting called immediately for full dress hearing of mine and all other processes applicable fullest utilization of Canadian and American coals by low temperature carbonization as only sound basis for national fuel policy.

This is signed by W. A. Caunt, of Burlington, Ontario, and he refers to Mr. Cleaver, the member for that constituency, and Mr. Gillis and other members of the House.

The CHAIRMAN: In introducing to you the Hon. Alexander MacMillan, I just want to tell you that he holds a lot of positions in the Province of Nova Scotia. He is Premier of the Province, he is Provincial Treasurer, he is Provincial Secretary, and he is also Chairman of the Nova Scotia Power Commission; in private life he is well known as a farmer, and has been on a farm in Inverness County; and he has been in the lumbering business for thirty years; so I guess you need not be afraid of asking him any kind of questions you like; he will probably be prepared to answer them.

Premier MacMillan has come here without any fully prepared brief, but he is prepared to read you what he has, and then to advise us as to conditions in Nova Scotia from the broad knowledge that is his because of his full lifetime of experience in the Province; and then he will be subject to questioning. As you know, Mr. MacMillan, each member of the committee, as a member of the House, has a right to interrupt and ask any question at any time he desires, but I think you will find that you will have no interruptions until the discussion period is reached. All right, Mr. Premier:

Premier ALEXANDER S. MACMILLAN, Nova Scotia, called.

The WITNESS: Mr. Chairman and gentlemen of the Parliamentary Committee on Reconstruction and Re-establishment: I am pleased, indeed, to have the opportunity of meeting you today and giving you a brief story of the Province of Nova Scotia, the problems of its peoples, their aims and their ambitions, not only for the post-war period, but for the future; that is, what

things it is possible for us to manufacture in Nova Scotia and reach the markets of the world, for that matter. Now, having said that, I have a few notes here which with your permission I will read, Mr. Chairman; and I have some figures which I will present, and then I will be glad to answer questions or comment on them as we go along. If you prefer to have me read this and set forth my hopes—shall I say, hopes—my ambitions for the future of Nova Scotia in the post-war days, I should be glad to explain fully as I go along.

The CHAIRMAN: I think if you do the latter it might be better.

The WITNESS: Explain it as I go along?

The CHAIRMAN: Yes, explain as you go along. It is entirely up to you.

The WITNESS: I will read these few paragraphs which I have set down here: our difficulty in submitting anything of a definite nature to your committee, is that up to the present time there has been no basis of co-operation set up between the provinces and the dominion government, and we are unable to even surmise what the intentions of the dominion government are with regard to post-war problems.

If the dominion government is to take the lead, and if it is fair to presume that a large part of the cost will be borne by the dominion government, how is it to be brought about.

Is it to pay grants-in-aid to the provinces, depending on an equal or proportionate share of various projects being borne by the provinces?

Does it intend to segregate certain proposed expenditures and rely on the provinces to finance certain other or even certain supplementary expenditures in their entirety?

Is it part of the dominion program to compensate the less fortunate provinces by a larger capital expenditure for the vast capital expenditures made in central Canada during the war.

It is difficult and in fact impossible in many instances for the provinces to make post war plans with any assurance whatsoever, until these questions are answered.

Another reason the basis of co-operation is difficult to find, is because of some of the policies of the dominion government itself. We have recently seen in Nova Scotia a spectacle of one of our old steel industries at Trenton closed. The plants have been closed, the men have been laid off, and there seems little prospect that this industry will ever operate again.

The commodities manufactured at Trenton are, so far as we are aware, to be manufactured in Montreal, and it seems utter folly for us to consider plans for rehabilitation and the creation of new industries in the province when industries established over forty years are summarily closed down and removed to the central provinces.

Nova Scotia feels that she has the right to look to the dominion government for all possible aid in maintaining the few manufacturing industries that remain. The general effect in the province due to the closing of the Trenton industry has been disastrous and discouraging.

Is this the beginning of the centralization of industry in the large centres of Canada? If this is the case, the sooner we know this the better in order that we may govern ourselves accordingly. We in Nova Scotia believe the policy of the government should be decentralization as far as possible, so that all provinces may have a fair share of Canadian industry and business.

Our experience in Nova Scotia has been to the contrary. The two plants just mentioned is one instance. Another is the closing down of the Acadia Sugar Refinery, which has been in operation here for years, and the business done elsewhere.

A third instance is only recently the Department of Munitions and Supply let contracts for the construction of tug boats at Pictou, N.S. The materials were assembled, the keels laid and the actual work had been going on for some time when the order was cancelled, and the material shipped elsewhere in Canada for the same purpose.

This we feel is absolutely unnecessary in view of the fact that the raw material was secured and processed in Nova Scotia, and now the actual assembling is taking place somewhere else, notwithstanding the fact that we have the facilities, the men and everything necessary to do the work.

If it is the policy of the government to centralize certain industries, then the other provinces should be compensated by the starting of industries suitable to their particular locality, so that there may be an even division of work in proportion to the population and necessities all over Canada.

The question I am frequently asked is, if the dominion contributes to post war work, will it be done between provinces on the basis of enlistments or returned men, or will the number of men in war industry be considered.

Another difficulty in presenting our case to this Parliamentary committee is due to the fact that in Nova Scotia we are now having an investigation made by economists into not only our post war position and necessities, but they are also endeavouring to determine what new industries are possible in our province, particularly our fishing industry, which we are satisfied can be built up to be one of the outstanding industries in Nova Scotia.

As you are aware this industry which has been on the decline for a number of years, is under the direction of the dominion government. While the fishermen are residents and taxpayers of the province of Nova Scotia, the fact that they are really wards of the dominion government may have resulted in some neglect, one government expecting the other government to accept the responsibility. While we are not trying to accept any of the responsibility of the dominion government, we are quite willing to work in co-operation with them, but expect them to assist us at every turn in order that the condition of the fishermen may be improved, and this great industry revived and brought up to the position it once occupied in Nova Scotia. With this in mind it is the intention to assist the fishermen wherever possible, and the investigation now being made is to determine just what the fishermen require in the way of larger and additional boats of all kinds, bait freezers, cold storage plants, etc.

We expect when the report is brought down this is one matter which will be definitely dealt with.

Another matter with which the economists are dealing is the by-products of steel and coal, in order to determine what by-products can be manufactured from steel and coal, where available markets are located, and whether or not we can meet competition in those markets.

I am sorry that my reading is so poor, gentlemen; but I have only one eye and my sight is none too good at any time.

These are just two of the things which are being investigated, and I mention them simply as an illustration.

I expect the report of the Royal Commission on Rehabilitation to be ready early in January, and I shall be glad to let you have a copy of it as soon as it is released.

With respect to the rehabilitation of our returned men, and the men in industry who will be released and have to obtain other employment, if funds are available there will be abundant work in our province to take care of all these men as well as our men and boys who went to other provinces during the war period, and are now engaged in industry there.

I submit the following to show where and how we can take care of these men if the necessary money can be found.

This morning I dictated a little supplementary report or brief. I am not going to give you any estimate of additional labour. Perhaps I better give you some figures I prepared and then follow up with that.

I have tried to deal with the various departments of our government as to the possibilities of work in the post-war days in the various governmental departments; and it is based somewhat on the hope that we may get some real assistance from the dominion government. The figures I am going to present to you are the programs that we propose. This program will be carried out as far as possible by ourselves whether we get any aid from Ottawa or not; but it will be greatly enlarged and extended if we receive the aid that we believe we should receive from the government here. I am dealing with the various departments one at a time, and I am giving you total figures, I am not giving you the figures with respect to any departmental work; take lands and forests: Our proposals are that in the post-war days to take care of unemployment work will be carried on as civilian services, fire protection, reforestation, roads and trails through our woodlands, thinning and improved cutting, stream improvement, experimental work, demonstration areas, training school for rangers, scalers and filers, etc. We are proposing that an expenditure in that connection of \$4,300,000 shall be made over a five-year period. Basing the work on 60 per cent labour would mean an expenditure for labour alone of \$2,500,000, man days for the five-year period, 573,333, which would work out at 114,666 days per year.

The next point that I would deal with is public buildings. The first item is a new Victoria General Hospital. In connection with that plans were prepared three years ago for a new hospital which we need very badly, and two years ago, in fact, we were ready to call for tenders on the building but we could not secure the necessary priorities from the Department of Munitions and Supply and nothing has been done up to the present time.

By Mr. Black:

Q. I should like to ask Mr. MacMillan and the chairman why that is so. Mr. Harris was telling us yesterday that he has a permit to go ahead with the East Toronto Hospital and build a big wing and that there are contributions being made by the Department of Pensions. It appears to me very strange that they are able to get priorities for that and priorities for Christie Hospital and cannot get them in Nova Scotia?—A. The only answer I can give in that respect is to refer you to the Department of Munitions and Supply. The Minister of Public Works in our province did everything in his power, I am sure, to secure those priorities. I had some correspondence myself. Finally I put on my coat and came to Ottawa and went before the Minister of Munitions and Supply myself and did everything I could, but I was not able to move him with respect to this hospital. Perhaps somebody can give the answer for him but up to the present time we have not received priorities. Of course, this was approximately a \$2,000,000 job. I think it is eleven or twelve stories, a brick and concrete building, a very fine building. It is still on the waiting list but we are prepared to go ahead with it the very moment that we can get priorities which will not likely be for some little time. I have some knowledge of the matters Mr. Black has spoken of there, and after some priorities were granted for somewhat smaller hospitals we took the matter up again but received the same answer. It is for the Department of Munitions and Supply to explain. I have no definite explanation that I can make.

In any case, there is a new Victoria Hospital, an addition to the Administration building in Halifax, another story on the administration building, a new Normal College and dormitories at Truro, a new building at the Nova Scotia Sanatorium, improvements to the Nova Scotia Hospital, a dormitory and other buildings at the Agricultural College, T. B. annexes, repairs to Government House and provincial buildings, historic sites and parks, an abattoir and flour mill, feed storage buildings in various parts of the province. We are anxious to bring feed down from the head of the lakes by water and have storage buildings at several places which will save us a great deal of freight. Then there is a water supply system at the agricultural college. The total of these expenditures is \$6,800,000. I figure labour at 45 per cent. I may say that these figures are all my own. They are not taken from anybody. They are worked out by myself from my own experience. Labour is \$3,060,000, man days for five years 508,000, man days per year 117,692.

Then there is education; a new Normal College building and dormitories, dental trailer, trade training in vocational schools, a laboratory at the Nova Scotia Technical College, dormitories for engineering camp at Truro. Then there is a very important matter, seventy-five rural high schools. We are proposing to build seventy-five rural high schools and with transportation we are proposing now that every child in every section of the province of Nova Scotia will have the advantage of a high school education when these new schools are built. That is our intention. Then there are thirty consolidated schools, sanitary facilities in 1,000 schools. That makes a total of \$6,110,000. With labour at 45 per cent again—

Q. Does that 45 per cent cover only work on site?—A. That is on-site labour. I am not taking the off-site. I can give you that if you want it from my own experience but I am giving you on-site labour which is a good deal easier for me to get than off-site labour.

Q. We had one other figure that total labour would amount to about 75 per cent.—A. You can add about 25 per cent to the figures I have given you for off-site, and you will not be very far wrong. I have some figures on that somewhere here.

The next item is highways, grading and paving, grading only, bridges, a total of \$53,000,000. That is over a five-year period. That means approximately the paving and grading of another thousand miles of highway in the province. Here labour is 40 per cent because there is more actual man labour on highways than on building construction as you all know. That is 21,200,000, man days for five years, 5,234,000, man days per year 1,040,000.

Mineral investigation, topographical and geographical surveys in co-operation with the dominion government, \$50,000; prospecting and surface development, \$105,000; drills and drilling, \$260,000; underground investigation, \$450,000; chemical and metallurgical investigation, \$155,000. That makes a total of \$1,000,000. In this case labour is 60 per cent because it runs up very high. That gives us 20,000 man days per year.

On developing and modernizing the fishing industry we are proposing to expend in a five-year period \$5,000,000. The 40 per cent works in here too, making \$2,000,000 in labour, 400,000 man days in five years, man days per year 80,000.

On rural electrification we are proposing an expenditure of \$3,775,000 over a five-year period with labour at 50 per cent which in this case is taken from our actual records in the past. That is \$1,867,500, man days for five years 377,500, man days per year 75,500. That is the proposal we have for the expansion of our rural electrification system to which we have been giving a good deal of attention in the last few years.

The grand total is \$79,985,000, labour \$34,077,000, man days in five years, 7,773,000, man days per year 1,554,000.

I am quite aware that this is a very modest program in comparison with some I have seen but we are only a small province and we are trying to live within our means. This is based entirely on what I think we can do in the next five years if we get a reasonable amount of assistance. If we do not get that assistance it will be spread over a ten-year period because our province could not afford to spend \$79,000,000 of capital money in five years. There are one or two explanations that perhaps I could give you. I have not given you any estimate of additional labour that may be required in coal mining, agriculture, or a possible increase in the steel industry. With regard to coal mining I estimate with normal production, that is, if we get back to normal production—we are below normal this year; I think our total coal mining this year will not exceed 6,000,000 tons very much. In 1942 it was 7,200,000 so that we are down this year a million tons. If we get back to normal I estimate that normal production will take care of returned miners but will not take care of enlistments of young men from mining areas who did not work at anything before the war. We had a great many enlistments in Nova Scotia from our mining areas, young men that did not find room in our coal mines before the war. They will be returning. I do not think we can take care of them in coal mining unless we have some new developments. I think that getting back to normal production, however, we can take care of the actual miners who enlisted for the war.

Agriculture will possibly take care of 25 per cent additional men during the busy season on the farms, and then probably most of them can be taken care of in the lumber industry during the off season. I do not know whether you will agree with me on that but that is my estimate. Mr. Black would have a pretty good idea about that. I think we require about 25 per cent more help on our farms than we had this year but in the winter season the lumbering industry, if it is normal, will take care of these additional men.

Respecting the steel industry it would be difficult to make any estimate at the present time. I believe for the present purposes it would be well to leave it out of our calculations. In view of what has happened in our province in the last two months I would not care to make any estimate on the steel situation. Of course, there is a great deal of work being carried on now but with the cutting down of war materials it is very difficult for a man in my position even to give you an estimate of what the situation will be.

I should like to add that the above proposals are what we will attempt ourselves to carry out if we are financially able to do so. I am quite sure that we will be unable to do so in a five-year period unless we get reasonable assistance from the dominion government. We must bear in mind that for the duration of the present dominion-provincial agreement our revenues to a large extent are frozen, and we have no potential field that we can explore. That is absolutely true in our province. As you know, gas is frozen and, of course, we have no opportunity to collect any income tax. Our revenues must remain as they are until the end of the period for which that agreement is made. The agreement, of course, can be cancelled at any time on one year's notice, and I have not any hesitation in saying that unless we get reasonable assistance from the dominion government in our post-war work we will cancel the agreement at once. We can do much better under our own forces than under the present agreement. I do not know that there is anything further that I wish to say at the moment. If you wish to ask me any questions or discuss anything I have said I will be very glad to deal with any or all of them further.

The CHAIRMAN: Thank you, Mr. Premier. You can take a rest if you like for a moment and see if the members want to ask any questions. First I should like to say that the two maritime ministers of the Crown who are in Ottawa—Colonel Ralston, of course, is overseas—could not possibly come. Mr. Ilsley's department has asked me to express to you, Mr. Premier, and to the committee,

his regret that it is impossible for him to be here to-day as much as he would like to sit in while Premier MacMillan was giving his evidence. Mr. Michaud from New Brunswick is going to try to come but he has been confined to bed for some days with illness and is not sure whether he will be able to make it or not. Dr. Archibald, head of the experimental farm stations for Canada, is with us, first out of respect and secondly in case he should be required for any information with respect to agriculture. I told you previously that we would have Prince Edward Island with us also but last night I had a telegram from Mr. Walter Jones, the Premier of that province, regretting the impossibility of his being with us on this occasion, so that we will have to wait to hear Prince Edward Island's story until next session. I was going to say that the meeting is open for questions but Premier MacMillan says he has one more word he would like to say.

The WITNESS: There are one or two things—as a matter of fact this morning I dictated a memo—that I had to say with respect to the much talked of causeway over the Strait of Canso and the realignment of the Canadian National Railway. I did not get the memo that I dictated this morning from the stenographer. I will have it in a few minutes, but if anybody wishes to discuss that with me I will be glad to talk from memory.

Mr. HILL: I think we might hear that first before questions are asked.

The WITNESS: I do not know when it will be here.

The CHAIRMAN: We can interrupt you and let you put it in whenever it comes.

The WITNESS: That will be all right. I have some very strong views with respect to that matter. There is also another matter that the Minister of Agriculture for our province, Mr. McDonald, dealt with when he was here. That is the reclamation of the marsh lands. I do not know that I can give you any information that you have not already received from Mr. McDonald and, of course, you always have Mr. Black with you who lives very close to those marsh lands and probably knows a great deal more about them than I do. Those are two of the things that perhaps might be discussed. I made out a little memo last night with regard to the causeway and what I thought it should cost and so on, which I shall be glad to give you. They are my own figures entirely.

Mr. SANDERSON: I should like for the Premier to tell us the story about the moving of the Trenton plant to Montreal.

The WITNESS: Well, there is not very much of a story. The steel plant at Trenton has been in operation for I think about 60 years. It was a bolt and nut shop and with the hand rolling mill were the two oldest departments of the steel works at Trenton. One has been in operation for 40 years. The bolt and nut shop has been in operation for 40 years; and for some time we have been hearing rumours that these two departments of the Trenton Steel Works were not paying their way. About two months ago, I think it is, the Regional War Labour Board granted an increase of wages to the employees of these two shops. I am speaking from memory now but I think it was 50 cents an hour from 35 cents an hour plus the bonus. Now, I may be wrong in that. I think it was 35 cents an hour plus the bonus. That was increased to 50 cents an hour.

Mr. BLACK: I think, if I remember correctly, there were intermediate increases from 35 cents.

The WITNESS: There may have been, I am not sure of that.

Mr. BLACK: There were increases.

The WITNESS: It is now 50 cents, yes. The Company claimed they could not stand that increase and they immediately gave notice to the employees of the steel shops that they were to be closed out. They gave notice to approximately 900 and some odd men and women up until last night, and I telephoned

to my office last night to find out the actual situation. There were 800 hands laid off including 135 women at the end of this week. If the notices that have been given are made effective there will be approximately 1,000 men laid off. Out of that number the Company placed a hundred in the car works and some of their other undertakings there. A hundred and fifty more found other employment through the various labour offices. Two hundred and fifty of them have gone into other work and the balance were idle last night according to the report I have. There is not very much that can be said about it. Immediately the rumour spread that the shops were to be closed I telephoned to Mr. Cross, the president of the company in Montreal and asked him to come to Halifax immediately, which he did. We had a conference with him in my office and Mr. Cross set forth the reasons why they had to close and, of course, gave us figures in totals, no details, to prove that he would lose a very large amount of money if the shop were kept open at the increased wage. We heard him, and he gave us a very definite understanding at that time that the men laid off would be placed in the other Trenton industries, which by the way is not being carried out.

Then we asked the men to send a delegation from Trenton, which they did. I think they sent six of their men, the president of their union and several of their officers, and we heard their side of the story. Of course, there was no agreement between them. I then telephoned Mr. Cross again and told him he must come down and meet the men. He came down, and Mr. Anson, the general manager, Mr. MacDonald the accountant and Mr. Knowles, the manager of the two shops in question and I think one other man came with him. I have just forgotten the name of the other man, and the men sent twenty odd of their numbers from Trenton to meet them. We had an all-day conference and Mr. Cross was adamant. We could not move him. Then I took the matter up with the Dominion Government and I asked them to use their influence to have these two shops continued. In the first place I asked them to cause an investigation to be held, and they advised me that if they started to hold an investigation of that nature in one province they would be called upon to do it in other provinces; but they said, "If you will hold an investigation under your Public Inquiries Act in your province we will use our good influences and endeavour to get the company to carry on the work for two months during the progress of the investigation." Well, we have appointed a commission to investigate but nothing has been done to keep the shop going and it looks to me as if they are gradually finishing the orders they had in hand and apparently all the new orders are being shipped to Montreal.

By Mr. Sanderson:

Q. Have they a plant in Montreal now?—A. Oh, yes, they bought the Peck Rolling Mills a couple of years ago and they also bought this Tube Company a couple of years ago and apparently they are shipping their material there, I do not know. The question as to whether they are getting a lower rate of wages in Montreal, I do not know.

Mr. HILL: My opinion is the rate of wages is much higher in Montreal.

The WITNESS: The rate of wages in Montreal previous to this investigation was 33 cents an hour. As a matter of fact, I have heard there may have been some increase since. I am told there was an increase in the rate and the rate is now equal to the Trenton rate. Now, that is the situation as nearly as I can relate it.

By Mr. Sanderson:

Q. You also mentioned the sugar plant, the Acadia sugar plant?—A. That was closed two years ago.

Q. Is there any chance to use that?—A. They are using the plant to a large extent for ship repairs. In Halifax there has been great difficulty to keep

the Merchant Marine repaired and they have been using it for that purpose; therefore nothing very much has been said about it. I was told a week or two ago a large cargo of the raw material came to Halifax and was shipped up to Ontario to be manufactured, railed from Halifax to Ontario. We protested at the time but it was of no avail.

By Mr. Ross (Middlesex East):

Q. How long has that sugar company been in operation?—A. A good many years.

Mr. BLACK: Thirty or forty years.

The WITNESS: Yes, I think about thirty or forty years.

By Mr. Ross (Middlesex East):

Q. It makes mostly cane sugar?—A. Yes, exclusively cane.

Mr. McDONALD (*Pontiac*): What happened to cause them to close it?

The WITNESS: They amalgamated with another company, what usually happens.

Mr. HILL: It was bought up by a Montreal firm.

The WITNESS: I think all these sugar refineries, at least in central and eastern Canada, are under one control now.

Mr. Ross (*Middlesex East*): How many does the factory employ?

The WITNESS: The sugar plant?

Mr. Ross (*Middlesex East*): Yes.

The WITNESS: I am afraid I cannot tell you the number, but it was a good many men. They must have had somewhere around 50 or 60 houses of their own. I would think they employed 100 men. Would that be right, Mr. Black?

Mr. BLACK: I would think more than 200. I have not the figures either.

By Mr. Castleden:

Q. Where was that Trenton plant getting its material?—A. From Sydney.

Q. Where was Sydney getting its material from?—A. The ore came from Newfoundland and was processed in Sydney. The steel billets and pig iron were shipped from Sydney to the Trenton plant.

Q. They are shipping that material now from Sydney to Montreal?—A. Yes, I guess they are.

Q. It is all the same company?—A. All the same company.

Q. What about the power in Trenton, is it coal?—A. Coal and hydro. We supply a good part of that power through the Pictou county power board to the whole area of Pictou county. We supplied some of the power and this company have a plant of their own. That is, the Nova Scotia Steel Company have a steam plant of their own, but we are all tied up, all Eastern Nova Scotia is tied up to-day, interconnected, so that we shift power back and forth. We control that ourselves.

Mr. HILL: This seems to be in line with what has been going on for a number of years in the Maritimes. I can give you an example of an axe factory in my own constituency which employed quite a number of men. It was a small factory. At that time axes were selling at \$1.50 to \$1.60. Then the Canada Forging came into New Brunswick and sold axes for 60 cents, and as a result of that this company went out of business and the other company bought them out and then they raised the price of axes to \$2 apiece in the Maritimes. That is the story of Maritime industry as I remember it, and that apparently is still going on to-day.

The CHAIRMAN: Are there any further questions or comments to put to Mr. MacMillan?

Mr. BLACK: Mr. Chairman, I am very glad to be here to join with the other members in welcoming Mr. MacMillan from Nova Scotia. I wish to commend him for the representations he has made. He and I have been associated with one another in Halifax, Nova Scotia, for a good many years. We have not always agreed on policies; we have not always agreed on administration, but these are only trivial things and are soon forgotten. I think we have always agreed on the major things, the major things being the welfare of the future of Nova Scotia. I think I can say here that Nova Scotia has made perhaps the greatest contribution of any of the provinces to Confederation, contributions in statesmanship and contributions of men, and that is so even to-day. Many of you, I am sure, will agree with me in that. Our policies have been propounded by the men who came from Nova Scotia, men like Tupper and Fielding; they have had a Dominion-wide application. There is a growing feeling all through the years in many quarters that Nova Scotia has not prospered in Confederation as it was represented that it would. Our development since the beginning of the war, our development during the war and the prospects for the future as outlined by Mr. MacMillan, would substantiate these feelings that exist in the Province of Nova Scotia. I want to say that my contacts since I have been in public life with men from central Canada and western Canada have shown me that no set of men could be more sympathetic to the aspirations of the Province of Nova Scotia. I am referring now to men of all parties and from all parts of Canada, but they do not seem to be doing very much about it. These conditions that are developing and that apply to Nova Scotia seem to be allowed to persist so that those who are responsible for administering the affairs of Nova Scotia and those who have to live there and have their property there, are more and more becoming discouraged with the outlook for the Province of Nova Scotia. During the war we were disappointed. I want to be very careful in the statements I make. I do not want to be misconstrued to the extent that I shall be accused of being political in anything I say. Such is not my intention. I think Mr. MacMillan will agree with most I have to say. There has been intense disappointment in the Province of Nova Scotia that there has not been some more industries established there, particularly war industries with a post-war prospect of activity. Not only that, but we have had repeated advertisements from central Canada asking for help from the Province of Nova Scotia, asking for people to leave Nova Scotia and go to the central industrial districts of Canada to help them meet their labour requirements. We have been disappointed with respect to shipbuilding, disappointed in respect to wooden shipbuilding in the early days of the war, and when we did get some activities there they originated with the requirements of Great Britain. We were disappointed when this small yard was given an order and the materials had been ordered and the preparatory work done at Pictou for building tugs—it was only a comparatively small order—that it was taken away from the Province of Nova Scotia, notwithstanding the protests of the people who assumed the responsibility for constructing these tugs, notwithstanding the protests of Mr. MacMillan and practically everybody in the Province of Nova Scotia that they were not given an opportunity to carry out that contract, the material was moved from Nova Scotia to Montreal. I visited the yard in Montreal where these tugs are being built.

Now, take this Trenton situation. There is no necessity for me to add to what Mr. MacMillan has said. I think you will all agree that if this condition is going to prevail, if that is the outlook and the prospect of what is going to be the lot of Nova Scotia industrially in Canada, we should know about it, and know it definitely. Personally I do not think it should be so. I think there is a place in Nova Scotia for industries, and a place in Nova Scotia for business activities, having regard to the position of Nova Scotia in Confederation. But there must be an early decision as to many of these matters.

With regard to the Acadia Sugar Company, that was effected in rather an insidious way during the war. The Acadia Refinery at Halifax, splendidly located on the water, received its cane sugar from the West Indies. They had cheap freight rates and were a well established industry and the brand of sugar being made at Halifax, the Acadia brand, has no superior in Canada. Notwithstanding that, due to amalgamation, that plant has been closed and the prospects of reopening after the war are not very bright.

Mr. MacMillan has referred to the replacing of a number of men at Trenton. Well, I fear that the replacement of these 100 or 250 men would only be temporary as they are on war work. The sad part of the closing of the Trenton plant is that it is a peace-time industry. I think Mr. MacMillan will agree with me the bulk of the products they have been producing in recent years has been peace-time products going to the commercial needs of Canada. But somebody has taken advantage of this situation now to close that industry, which is a very disturbing and serious matter in the province of Nova Scotia. Also, as Mr. MacMillan has indicated to you, there is the question as to why there is no future for industry in the province. For example, take the steel industry at Sydney which gets most of its raw material by water and has its activity based on the enormous coal fields of Cape Breton.

There are other matters to which I should like to refer; for instance, there is the Victoria General Hospital—at least, the addition to that; even the building is not complete. It seems to me incomprehensible that they should not allow some of the work to be done, some facilities to be erected there, particularly where it is being financed principally by the province of Nova Scotia, and particularly at a time when there is such a wide demand for hospital accommodation all over the country. It has been permitted in Toronto and other places, and to me that is all the more reason for it. I want to say that in my opinion the MacMillan government has done everything they could possibly do I think in that respect; and I again say that I think we should have been allowed to proceed, if only we could have done part of the work on the structure, using the labour available, even though there may have been a scarcity of building materials.

Premier MacMillan has referred to the desirability of reclaiming these marsh lands. That is a matter that has been before parliament for some two or three or four years anyway; and very large expenditures under the Prairie Farm Rehabilitation scheme have been made on projects in the west each year, and it seems to me that the need is as great in the maritimes, particularly in New Brunswick and Nova Scotia. I think there is a great need that some of the work should be done now in order that these fertile lands, there is none more fertile, can be made available for the men who will return after the war, forming as they do a basis for active and prosperous farm operations. I would like to hear from Dr. Archibald on that. I think he should give some evidence here to-day. I am very glad to see him here. He has been very closely associated with the experiments being carried on at the experimental farms; and I think it is a fair statement for me to make that he has been sympathetic from the very beginning to substantial appropriations, something on the nature that will be comparable to the expenditures made in western Canada, for the purpose of reclaiming these lands. If our marsh land is abandoned and not reclaimed and made useful to agriculture in the maritimes, you may as well wipe out any prospect of raising stock and dairy products in Nova Scotia; and if it is going to be done, it should be done now. This is a matter which has been before us for three or four or five years or perhaps longer and we have not been able to get any appropriation in Nova Scotia. There is the unanimous resolution from the legislature of Nova Scotia, supported by the legislature of New Brunswick and supported also by the farmers' associations that something along this line should be done. Then, too, there has been the recommendation by Dr. Archibald;

and I do not think I am going beyond bounds when I say that there is a recommendation from the Minister of Agriculture; but the net result is that no work is being done; and that is one of the added sources of discouragement to the people of the maritime provinces.

And now, there is much more that I could say in regard to the possibilities of development and activity from the maritime provinces. Perhaps I have said enough.

Again, I want to commend Premier MacMillan, and thank him for coming here. I know the members of this committee will be sympathetic to his recommendations and sympathetic with Nova Scotia; but that is not enough, we have to have more than that if we are going to survive in confederation.

The WITNESS: I want to say one word along the line on which Mr. Black has been speaking. Regarding hospitals; I do not want to give the impression that notwithstanding the tremendous increase in the population at Halifax that there is anybody suffering too much for want of hospitalization. I want to say that up to a few years ago when we could not get approval to any priorities, we did go to work ourselves and build a temporary wooden hospital that cost us around somewhere I think in the neighbourhood of \$100,000 to take care of patients that had to be taken care of.

Mr. BLACK: They would largely be patients who would not be Nova Scotians in peacetime.

The WITNESS: We could have got along very well with the old hospital in peacetime, but I just wanted to interject here that we need that hospital in Halifax. We have a very large hospital now in Halifax, but we want a more modern hospital, and that is what we were seeking. As a matter of fact, this is a provincial hospital, and I think if my memory serves me right that we are the only province in Canada that provides provincial hospitals, in which the province provides the hospital entirely at its own expense. I do not think there is any other province in Canada which does that but ourselves; and we have of course in addition to the large hospital in Halifax, we have hospitals in every county, two or three in some counties. I think that is right, two or three in some counties; that is, local hospitals; and the other one is to take care of the overflow from the small hospitals throughout the province and also to take care of extreme cases perhaps where in some of the local hospitals they have not the facilities for treating very important cases.

With regard to what Mr. Black has said about the marsh lands, I am in entire accord and in sympathy with everything he has said. And now, Mr. Black knows that in Cumberland county and Mr. Purdy knows—he has very extensive marsh lands in his constituency, and they are in other constituencies in the province—and it has been said and perhaps it may be very well said, that the owners should have kept up the dykes; and probably they should. I think the real reason was that the price of hay and the product of the farm went down so low at one period that they did not feel able to maintain their dyke land. It costs considerable, even if the main arteries were open—and you know something about the cost of opening these arteries, the cost of maintaining them, the cost of keeping open the laterals—which are just as important as the main arteries—is quite expensive; and then the cost of keeping up the dykes. As a matter of fact, I may tell you that our Department of Highways comes into this picture quite often. The farmers for a great many years maintained the dykes. The highways crossed these lands and crossed these dykes at certain places, and when the farmers kept up the dykes there was no flooding of the highways; but now that the dykes are down the highways become flooded and the highway department of our province of necessity must pay to maintain the dykes; and only recently we had a tremendous, perhaps one of the greatest tidal waves that we have ever had in Nova Scotia a few months ago, and the dykes

in several counties of the province were washed out and the highway department of our province of course had to take the initiative and rebuild these dykes to protect the highways. Our Minister of Highways was talking to me only last week and he said, let us build up the highways and forget the dykes and let the farmers take care of the dykes, let us build up our highways to a sufficient height to take care of flooding.

Mr. HILL: I think one of the main troubles in maintaining these dykes is the cost. If the cost was spread more uniformly over all the farmers each year it would not amount to so much individually. In the province of New Brunswick we found that certain of the farmers would not keep up their assessments and that made the loads too big for those who wanted to keep the dykes in shape. If this cost were distributed to the farmers in proportion to the acreage they hold, and applied also proportionately to the highways, the cost of maintenance would not be so great; if these dykes were built possibly by the dominion government under a scheme such as the Prairie Farm Rehabilitation Act the maintenance could then be done by levying certain costs against the users.

The WITNESS: Yes, that would work out very well. I have always thought that if the government would undertake to open the main arteries, that is the main channels and the farmers keep the laterals up; and any farmer who would not keep his laterals up, his land should be taken over and dealt with by the government—that is, that the government could take that land and rent it out to somebody. I might tell the committee that on my way up here as we passed through that area on Sunday last from what I could see, I would say that three-quarters of the hay has not been made on these marsh lands this year, about three-quarters of the hay is still unmade on the marsh lands this year.

Mr. BLACK: I might say, Mr. Chairman, that a farmer told me that he had about fifty acres but that he only got one load off his fifty acres.

The WITNESS: And, of course, unless something is done—and I want to say this as definitely as I can—unless something is done within the next three or four years these whole marsh lands will be lost entirely; and the job is too big for the individual farmers now to undertake.

Mr. HILL: Have you any idea of the total acreage of these marsh lands?

The WITNESS: In Nova Scotia, you mean?

Mr. HILL: Approximately.

The WITNESS: I would think that about 45 per cent of the total is in Nova Scotia; is that right, Mr. Black? You are pretty good, perhaps you could tell me something about that?

Mr. HILL: The total acreage.

Mr. BLACK: No doubt Dr. Archibald has those figures. I calculate there would be about 100,000 acres.

The CHAIRMAN: Mr. McDonald said that there were about 100,000 acres in Westmoreland and Cumberland.

The WITNESS: I think about 12 per cent of Nova Scotia—that is what you are talking about—is marsh land. Remember, we have other dyke lands take in the Minas Basin and right through into Colchester in Mr. Purdy's county.

Mr. HILL: It runs I would think to about half a million.

Mr. BERTRAND: Who built these dykes in the first place?

The WITNESS: The French settlers built most of them. When these dykes were built the labour was worth only about 50 cents a day and to-day the same type of labour, not half as good, is worth 50 cents an hour.

Mr. BLACK: And the product to-day is only worth about half of what it was, figuring hay at the average at which it has been during recent years.

The WITNESS: Of course, the price of hay has gone down there for two or three reasons. I think one of those is the motor vehicle or the motor-truck which has reduced the horse feed necessary, not only there but all over Canada. I recall that in the days when I was buying hay for our lumbering operations, twenty-five or thirty years ago, I used to pay quite a price for hay, and today we are buying it for about half; and, don't forget that the cost of making that hay to-day is at least double what it was at that time. So really the marsh land is an economic question purely and simply. The farmers cannot afford to rebuild these dykes unless they get some assistance; and I think it is just as important (and I would be the last one to say anything about your irrigation systems in the west) but I think it is just as important to the maritime provinces as your irrigation systems are; because if there is 100,000 acres of land there and putting it at the lowest calculation that 100,000 acres of land if it is in good condition, and if it yields at least two or three tons to the acre—I think that is correct—

Mr. BLACK: In the experimental farms under Dr. Archibald they show an average over the years of three tons to the acre.

Dr. ARCHIBALD: Well over three tons to the acre.

The WITNESS: But that would not be general.

Dr. ARCHIBALD: Oh, no.

The WITNESS: But on the inland marshes such as you have in the Minas Basin and right through from there to Mr. Purdy's constituency you would need very heavy cuts of hay. If we could get 100,000 acres, and say the least you could feed would be 70,000 head of cattle on that 100,000 acres; surely, if we could raise 70,000 head of beef cattle in the maritime provinces more than we do at the present time it would be worth while.

Mr. MATTHEWS: How does its feed value compare with upland hay?

The WITNESS: Of course, the feed value depends on the purpose you want it for; if it is for milk business it is not as good as upland hay in which you have a large percentage of clover—if you want milk you want clover—but for ordinary feeding—I can remember as a boy when cattle were being produced in large quantities in eastern Nova Scotia where they had these marsh lands and kept the dykes kept up, that they shipped that hay all over the country for feeders of cattle. There is none of that being done today. In fact, there is none to ship.

Mr. MCKINNON: Mr. Chairman, as long ago as I can remember I have heard about industries leaving the maritime provinces. I am just wondering if the Premier could give us any suggestions as to how we could assist the maritime provinces in preventing industries from leaving? He stated a moment ago that Mr. Cross the head of the steel plant stated that he would take care of the employees that were laid off through the closing down of the Trenton plant. Apparently he is not doing so as the Premier says. Well, if he is not keeping his word in that respect, what reason have we to believe that the figures that he submitted to you are correct figures?

The WITNESS: Well, I would have to answer that by saying that we are going to determine whether those figures are correct or not. We have an investigator appointed now, he is judge of our supreme court, and he has started the investigation. We are supplying him with the very best accountant we can get in Canada. We are supplying him with the very best steel men we can get in Canada, and the engineers that he wants, and we are going to determine whether or not the figures that were presented to us are correct. I do not know what we can do about keeping industries in the maritimes. That is the question we are up against at the moment. The government of Nova Scotia has done everything that it possibly can do. We might turn around

and say to the Dominion Coal and Steel Company, we will increase the royalties on your coal by 10 or 15 per cent and in that way get a million dollars from them; but that would be hurting some other part of Canada, if we did that. We cannot do that. That is one way in which we could get back at these people, but we would be just hurting ourselves and the rest of Canada. My own personal opinions on the matter are very strong, and my ideas with respect to it. I think there should be some decentralization of industry, and the powers that be should see to it that the other provinces have an opportunity of doing something along the lines which they are fitted to do; that is, take the raw materials which they have available in the province and make use of them; otherwise, inside of ten years, all the industries in Canada will be located probably in two provinces.

Mr. MCKINNON: I think every person here will agree with you, Mr. MacMillan, that there should be a decentralization of industry; but, how are you going to go about it?

The WITNESS: That is your job.

Mr. HILL: The industries have always claimed that by closing down these maritime industries and concentrating production in the larger plants in the central provinces that they could manufacture much cheaper; but the result of distribution to the consumer in the maritime provinces has never borne that out, because the costs have always gone up. Since these plants have been taken away from the maritime provinces the costs to the consumer through the distribution of the same materials have gone up, largely because of the cost of distribution back from the central provinces to the maritimes; therefore, there is something unsound somewhere in that system. It may be that they could do it cheaper the other way.

Mr. MCKINNON: Take this plant which has just been closed down; they stated that one of the reasons was that wages were lower in Montreal than in the maritimes, but that statement is not borne out by the facts. If this plant has been forty years in the maritimes and now closed down, what honestly has taken place to bring about these conditions? I agree with you 100 per cent that there should be a show-down, it should be carried on to a finish. I do not think they should be satisfied without knowing whether it can be solved.

Mr. HILL: I know in connection with some of these smaller plants that they were prepared to resell these machine shop plants to anybody who would buy them provided they would not start up the same kind of industry in the maritimes again. That was part of the consideration.

The CHAIRMAN: Any further questions?

Mr. McDONALD (*Pontiac*): It seems to me, Mr. Chairman, that the root of the trouble is monopoly in industry.

Mr. CASTLEDEN: Hear, hear.

Mr. Ross (*Middlesex*): Selfishness.

Mr. McDONALD: Let us take a specific example of what happened in the match industry a few years ago. You remember that a certain gentleman came over from Sweden and organized all the match industry in the United States and in Canada. You remember also that he mysteriously disappeared. However, that is beside the question. Coming to Canada we had at that time a plant in Deseronto, the Eddy Company in the city of Hull for years, a comparatively new plant in Berthierville in the province of Quebec, and a plant in the town of Pembroke in the province of Ontario. They bought out all those plants. They bought out the Eddy Company. I do not know how much capital was put into it, what it cost them to buy them out. Neither do I know what it cost in Deseronto. Anyway, they decided to close down, as they are doing in Nova Scotia with this other plant, the factories in Hull and the one in Deseronto.

Are we getting cheaper matches? Not at all. This Pembroke plant is located just a short distance from my home. The very next year they were paying for raw material bought from the farmers in my district prices which did not enable these men to make an existence, let alone a decent living.

Mr. CASTLEDEN: Hear, hear.

Mr. McDONALD: There is one sample of it. Do you want another? There is the pulp and paper industry. Take the Abitibi Company about which you read so much to-day. The Abitibi Company at one time was a prosperous pulp and paper company but the combines bought up a dozen others and ruined Abitibi and ruined them all. The shareholders and the bond holders of Abitibi have been fighting for years to see which one is going to come out on top. In the meantime Canadian industry and Canadians are suffering from that. Just yesterday evening after the meeting my colleague from Chapleau county and myself were talking about this very point, centralization of industry in Canada, and the consequent result of that centralization of population in a few cities in Canada to the detriment of the whole district. We have in Montreal almost half of the population of the province of Quebec. I ask anybody here is that a proper economic situation? Take the city of Toronto. It is being built up with industry. Capital is located there. That means that the people are gathered there. Industry in the province of Nova Scotia, as the Premier has stated, has not a chance to live. I say in my humble opinion that the crux of the problem is trust busting as it was to be exercised at one time in the United States and never put into effect. Until we get that we are not going to get very far.

Mr. PURDY: Did I understand, Mr. Chairman, that we were going to have some statement from Dr. Archibald?

The CHAIRMAN: Dr. Archibald is here and ready for any statement. I just want to remind the committee of this, that we had a whole sitting of this committee which dealt with the marsh lands. Following that we made a definite concrete recommendation that the Prairie Farm Rehabilitation Act should be extended so as to cover all of Canada which would take care of the marsh lands of Nova Scotia and New Brunswick. I do not want to cut off any further debate on marsh lands. I just want to remind members that we have dealt with them fully and there are other matters like the closing down of industries, and that sort of thing, which might be of more pressing necessity at the moment. However, if anybody wishes to discuss marsh lands it is open to him. It is a post war matter, but I just mention that we dealt with it entirely when we had the Minister of Agriculture here.

Mr. PURDY: I thought perhaps Dr. Archibald would tell us if any progress has been made. There have been certain negotiations going on and planning. I should like to know whether anything has been done along that line.

Doctor ARCHIBALD: Mr. Chairman, Mr. Premier and gentlemen: I can bring the meeting up to date on the marsh land situation as far as development since the Hon. Mr. McDonald gave his evidence before you. You allowed a small vote of \$10,000 to go through our supplementary estimates to make a survey of the situation and to start to develop post war plans. We have used part of that money in survey work. We have engaged a first class engineer and he is assembling all the information there is from all the various sources. A joint federal-provincial committee was set up two months ago consisting of highway and agricultural engineers, soils men, and practical marsh owners. This committee is continuing a survey of the present situation.

The point was brought by the Premier as to the emergency of this area and is illustrated by the following facts. This year there were about four times as many breaks in the dikes as in an average year. At the present time there are at least fifty major breaks in the dikes. Unless those breaks are filled between now and early spring there will be somewhere in the vicinity of 4,000 acres

of land that will not produce next year but probably will be so badly silted and salted they will be out of production for three years. The Hon. Mr. McDonald and the Hon. Mr. Taylor were up and discussed the matter with Mr. Ilsley the other day. They are considering jointly some way of stopping those holes as a temporary measure.

That has nothing to do, of course, with the long time post-war program of rehabilitation of these marsh lands. There are 70,000 acres of improved marsh land, and as stated the farmers are really not in a position to rehabilitate this themselves. It is not a question of just keeping the dikes up. It is a question of rebuilding a lot of these dikes as was stated with broader bases, better location, not hand work at all, dredging out main vents or main drainage channels, in some cases eliminating a large number of aboideux and probably eliminating a large mileage of running dikes on the other side of these tidal streams. It is an engineering job, and it is a big post war program. We have a small committee in the Department of Agriculture that are attempting to make an evaluation of some of these agricultural post war programs. You have had evidence from Mr. Spence, for example, Mr. McDonald, and others. Our figures will incorporate their statements.

We figure in the five-year period in order to put the dike lands in first-class state it would require somewhere in the vicinity of \$1,200,000. That is not just 70,000 acres but probably would embrace another 40,000 or 50,000 acres of land which is not now diked or which has never been diked.

The WITNESS: Would that take into consideration lateral drainage as well?

Doctor ARCHIBALD: No, these are the main works. The farmer will certainly be compelled to do his own ditching on his own property. One thing governments can do is to not only find out the best types of machinery but also to provide this machinery, not only for the main works, but also the type of machine which the farmer could use in his internal drainage. That is one of the big contributions in reconstruction which could be made, assisting the farmer to assist himself by providing proper machines. This does not eliminate all hand work by any means. After the internal construction is completed the farmer will still have to plough and fertilize and sweeten the land with lime and other things.

The problem, as I see it, is much larger than that. As Mr. Black knows, surrounding all the marsh lands in the upper reaches of the Bay of Fundy there are good uplands which have gone back to scrub and woods, probably in acreage twice that of the marsh lands themselves. I cannot think of a rehabilitation job that is more potent as a basis for land settlement than a broad scale approach to this whole question of marsh land improvement. I can think of boys who have been trained to handle tanks and who are first-class mechanics in the war coming back and not having any particular desire to go on the land, and probably no machine jobs ready for them. Yet I am thinking with a number of bulldozers and proper cat tractors and other equipment of that kind for upland rehabilitation that these boys could be employed usefully in reclearing some of the finest stone-free clay loam soil you will find anywhere in the world, which has been deserted because of economic conditions. When one looks at the problems of post-war settlement in the clay belt of northern Ontario of a few million acres, the grey bush soils in the three prairie provinces, the Peace River district, central British Columbia, the area adjacent to the Alaska Highway, getting further and further away from the centre of population, further away from existing social services, to think of neglecting the possibility of rehabilitating good lands on the sea shores and in the valleys of Nova Scotia appears to me to be ridiculous. I think with that as a program that these very boys who would assist in mechanically re-establishing these farms would be the first to want to own them.

Then I think it is up to the government to establish a real sound livestock policy. This matter of selling hay has been the ruination of marsh land, and a good sound livestock policy which ties together both the upland and the marsh land to me is the real salvation of the situation.

Mr. CASTLEDEN: I might say that I think you put your finger on the very point there when you said that these lands were abandoned because of economic reasons.

Doctor ARCHIBALD: Yes.

Mr. CASTLEDEN: And until you restore conditions that will make them economic it is foolish to try to restore the land to production?

Doctor ARCHIBALD: Quite so, but nevertheless the clearing of timber land in all these settlement areas is going to be more costly than the clearing and re-establishing of land in Nova Scotia.

Mr. CASTLEDEN: That is the question that I wanted to ask. Can you make this economically sound to restore this land, re-fertilize it and then guarantee to the farmer a market where he can get his parity prices for his products? They left it because they did not exist. What was the cause of its failure prior to the abandonment?

Doctor ARCHIBALD: You could answer that question better than I can.

Mr. CASTLEDEN: I do not know anything about it. I was just wondering what you thought was the cause of the failure.

Doctor ARCHIBALD: As I know the history of this problem in Nova Scotia it is something like this. As explained by the Premier, some fifty years ago there was a well established beef cattle industry surrounding the marsh lands of the two maritime provinces. We had access to the British market for cattle three-quarters finished, as we would call them, or practically finished cattle, the kind they have been obtaining these last forty-five years from Ireland. That market was cut off under the guise of foot and mouth disease which did not exist in Canada, but it was an excuse. That left a number of areas with the live stock population diminished. The upland fertility or soil condition decreased but agriculture was still reasonably prosperous because there was a good export hay market and a good internal hay market as long as the lumber industry and railroad and highway construction existed and was done largely with horses. When that market ceased the uplands had already begun to grow up, as it does very quickly, in bush, and the ability to make a living in selling hay simply disappeared. It is a series of circumstances which brought about this general desertion of these farms. I understand in both Nova Scotia and New Brunswick there are around 5,000 deserted and abandoned farms. I am not saying they are all good land. Probably a large percentage of them are on submarginal soil, but we do know there is a very high percentage on good soil. I think the Premier himself has taken two or three abandoned farms, or practically abandoned farms, and by good sound agricultural practice has put them in a high state of fertility in a comparatively few years.

Mr. HILL: As I remember it the foot and mouth disease was brought out as an issue because the British industrialists wished to trade in some other country.

Doctor ARCHIBALD: Exactly.

Mr. HILL: And the consumer in Britain had to pay a higher price for meat so they could distribute manufactured goods in some of the other countries.

Doctor ARCHIBALD: Exactly, a purely economic question and an appeasement of the Irish farmer in order to sell products there.

Mr. CASTLEDEN: How about the domestic market for meat in the maritimes?

Doctor ARCHIBALD: The unfortunate part of it is we will have to admit that ever since I was a boy in Nova Scotia, Nova Scotia has been importing a

higher percentage of meat than it has produced. At the present time in the towns, cities, and villages, and aside from the war situation in Halifax or ships' stores, I imagine about 50 per cent of the total meat consumption in the towns, cities and villages is brought from Montreal.

Mr. ROSS (*Middlesex*): Just 50 per cent?

Dr. ARCHIBALD: Around 50 per cent; I would not be sure of the statistics of the last year or so. That is approximately correct. There are one or two things that would explain that. The individual farmer having a good fat steer and going into a Yarmouth store or any other town market has not enough to offer to compete with the carloads that are being brought in from large packing houses. I cannot say, in my opinion, that the average Nova Scotian is a connoisseur of beef. They eat largely so-called western beef which, in my opinion, is more apt to be medium grade cow beef from Montreal or Toronto abattoirs than anything else, but it is western so far as Nova Scotia is concerned. However, it is a rather poor product and does not compare with high quality locally produced beef, but the lack of volume and the lack of abattoir facilities in the province of Nova Scotia absolutely handicaps the meat producer.

Mr. CASTLEDEN: Will that continue after you get meat production in this area or has there got to be some means whereby a group of these farmers can get together and co-operatively sell their product?

Dr. ARCHIBALD: Collective production in large volume automatically would lead toward collective sales but they must have an inspected abattoir in the province.

Mr. CASTLEDEN: I think it should be made available.

Dr. ARCHIBALD: There is no abattoir in the province and as a consequence inspected beef cannot be sold unless it is shipped out of the province into New Brunswick, killed and brought back into the province, or brought down in volume from Montreal.

Mr. CASTLEDEN: I think there is more trust busting to be done.

Mr. BLACK: Perhaps Dr. Archibald would state for the record the production of some of the marsh lands of which he has knowledge.

Dr. ARCHIBALD: As an illustration of production I think Mr. MacMillan's figures are about right. These breaks in the marshes will cause a loss, unless they are corrected at once, of somewhere in the vicinity—

Mr. BLACK: I mean what crop it will produce?

Dr. ARCHIBALD: On most of the good marsh lands in the seven counties where these areas are developed you can produce just as fine sweet English hay with clover if you sow intelligently and care for the land properly as you can produce on your upland and yields can be obtained of $4\frac{1}{2}$ tons of hay to the acre very easily for the first two of three years after seeding, at least.

Mr. HILL: This land is very rich.

Dr. ARCHIBALD: Very, very rich; they are the richest lands in eastern Canada. We can obtain yields as high as 85 to 90 bushels of oats if we use the proper early varieties. We can have pasturage which will carry somewhere in the vicinity of two head per acre at high production. I am speaking of dairy cows or beef cattle with calves. The uplands if drained will produce proportionately high yields, as high as any upland soil we find in any other part of the eastern provinces.

Mr. HILL: In the last two or three years there has been a very great increase in the live stock population, especially with regard to beef cattle in the maritimes, is that not a fact?

Dr. ARCHIBALD: Yes.

Mr. HILL: I do not know whether you are aware of it but there has been the greatest possible restriction put on the farmers in the marketing of their products. They have the greatest difficulty in marketing. They have no right to butcher the animals themselves; they cannot get a permit to kill and there is no packing house where they can sell. There is the greatest amount of restriction put on the marketing of the live stock. I think that is a well known fact. Why it should be I do not know.

Dr. ARCHIBALD: That applies to all the provinces and is especially due to the fact there is no inspected abattoir in the province.

Mr. HILL: The truth of the matter is conditions which allow the farmers in the highly industrialized districts where there are large packing houses to market their product does not pertain to these rural districts where the markets are not available and where there are no packing houses.

Dr. ARCHIBALD: That is quite true.

Mr. McDONALD (*Pontiac*): What effect would the construction of an abattoir or abattoirs in Nova Scotia have on the industry? Is the cost for an abattoir so prohibitive that nobody could build one?

The WITNESS: I might say in that connection we have been endeavouring to build an abattoir for the past couple of years. We did not get the co-operation we thought we should get from the department at Ottawa. We made some plans ourselves for building three abattoirs or four abattoirs in the province, reasonably priced ones which in my judgment at least were good enough and these plans were turned down by the government at Ottawa, and we were told we must build an abattoir that conformed to the regulations which, I suppose, is correct. At the same time if we have only one abattoir in Nova Scotia you can understand how difficult it would be for the farmers in the isolated places to patronize that abattoir. That is one of our difficulties. We had some plans made. In fact, I drew the plans myself of what I thought we could undertake for the small sections in the province but we could not get the approval of the authorities at Ottawa. We propose just as soon as we can get the material to build one at a cost of perhaps in the vicinity of \$200,000, which we need in a bad way. For instance, take the Newfoundland market and the Prince Edward Island market which we always controlled. That is particularly true of the eastern part of the province, part of Pictou county, Guysborough and Antigonish counties especially. Their cattle all went to Newfoundland for a great many years in sailing vessels. When I was a boy there were vessels loading every week, two vessels loading every week for Newfoundland, loaded with beef cattle, sheep, lambs and hogs. Since the war began, of course, it has been impossible to send it in sailing vessels. They have been shipping it by rail to North Sydney and then by steamer to Newfoundland. But about two months ago that was cut off. The Newfoundland government, due to some influence—I do not know where the influence came from, possibly from some of the large packing houses—cut out the acceptance of beef on the hoof or cattle on the hoof, and consequently the price of beef cattle in the eastern part of Nova Scotia dropped three cents in a couple of weeks on that account because that has been their market for a hundred years. They have lost that market notwithstanding the fact that the eastern portion of Nova Scotia always shipped its cattle to Newfoundland. We always had an excellent market there for a good article. We cannot ship anything to Newfoundland now and no doubt the beef that comes from the packing houses is all stamped and inspected. That is what is going there now. Due to the fact that we had no abattoirs in Nova Scotia we were unable to take advantage of the large number of service men who have been in our province since the beginning of the war. We were unable to sell them our beef because all meats that go into the service camps must be inspected and stamped, and for that reason Nova Scotia beef has not been going into our camps unless it was

first shipped to Moncton, to the abattoir there, and then shipped back to Nova Scotia. That is the disadvantage we have been working against. Of course, I agree we are not raising as much of our beef as we should. I have also some ideas with respect to that. I think we have sections in the Maritime provinces and particularly in Nova Scotia which are in the dairy business that have no business to be in the dairy business at all. I could give you one illustration after another in our province. We do not attempt in our province to keep all our roads open in the winter season. We keep the main trunk roads open and the rest are left to the municipalities and they do not feel able to keep them open. We have an abundance of creameries in Nova Scotia but the creamery trucks will not operate where the roads are not open. We have sections in the province where the creamery trucks stop operating in the winter and unfortunately a great many of the milch cows in that area are kept as boarders for the rest of the year. These sections in which the cream trucks cannot operate in the winter season should be in the beef business instead of in the dairy business. We have been trying to persuade our people that that is what they should do. Unless we can force them to do that by legislation I am afraid it is very difficult to get them to change over. We have large sections in Nova Scotia that should not be in the dairy business at all due to the fact that their cream cannot be taken care of in the winter season.

The CHAIRMAN: We have run past the time for adjournment. As some of the members of the committee are very anxious to get out early I suggest that we adjourn now.

Mr. HILL: I have one statement to make. I want to say I thoroughly concur with the Premier of Nova Scotia's last statement, that the Department in Ottawa should give some consideration to the conditions that exist in the Maritime provinces, and allow the government to establish five or six abattoirs efficiently and sanitarily equipped, perhaps not as elaborately equipped as one of those very large ones. They should be allowed in the interest of the producers so that the producers can reach those abattoirs with their cattle and get reasonable prices for their cattle. I think the Department should do that.

The CHAIRMAN: After lunch if there are any other things to bring out Mr. MacMillan will deal with them. He will also deal with rural electrification of the province of Nova Scotia. We will adjourn now until half-past two.

The Committee adjourned at 12 noon to meet this afternoon at 2.30 o'clock p.m.

AFTERNOON SESSION

The Committee resumed at 2.30 o'clock p.m.

The CHAIRMAN: Gentlemen, as you know we are still with Mr. MacMillan, but Premier McNair of New Brunswick and some of his party have arrived and I will just before we go on with our meeting, introduce Premier McNair. He will follow immediately after Mr. MacMillan has finished his presentation, and if necessary will stay over until to-morrow. I will now ask Premier McNair if he will be good enough to introduce the members of his party.

Premier MCNAIR: That will be a pleasure, Mr. Chairman. We have with us members of our reconstruction committee: Doctor N. A. M. MacKenzie, the Hon. J. G. Boucher and Mr. F. S. A. McMullin; we also have Doctor J. R. Petrie, secretary of the committee and Mr. R. A. Tweedie, the assistant secretary. We have come along in some numbers because we have been deeply interested in the work; and we will be glad to await our turn.

The CHAIRMAN: Premier MacMillan is ready to proceed and go into the subject of rural electrification, if that is satisfactory to the committee. If any of the members wish to ask questions on matters we were discussing this morning that is their privilege, of course; if not, Premier MacMillan will proceed on a statement about rural electrification.

By Mr. Ross (Middlesex):

Q. You were speaking this morning about federal assistance and amongst other things suggested that it might be considered in relation to percentage of enlistment; have you that percentage Mr. Premier?—A. No, I have not. That is a military secret I am told.

Mr. Ross (*Middlesex*): May I say that I think it is a very modest amount which you have brought by way of a program to this committee. I believe the total is around \$80,000,000. It occurs to me that possibly the amount will be considerably larger than that when you receive the report of this commission of yours which is now sitting, and which I understand will be brought down somewhere around the end of this month to cover all phases of your post-war program.

The WITNESS: That is right. I do not know what that will amount to. I tried to make it plain in presenting these figures that I did not wish to infringe on the duties of this commission who are now investigating the situation in Nova Scotia, and I did not want to prejudice their case or ours by using any of the things that they are assembling; and what I presented this morning were entirely the figures collected in the departments of our government and prepared entirely by myself, and has no reference whatever to what may be brought forth by this commission that are studying the situation. And I want to make that clear because it would be—as a matter of fact, I would not like at this time to discuss anything that that report might contain because it is now in the making and the whole thing is under consideration.

Mr. Ross (*Middlesex*): And I thought what you had was very well presented.

Mr. CASTLEDEN: This committee is interested in rehabilitating Canadian people in Canada, and the Canadian people are supposedly going to have to live off the natural resources of the country. Now, as to Nova Scotia and the size of population that you can profitably employ, I take it that that would depend on the extent to which the resources of the province can be developed and the extent to which the benefits of the development of those resources may accrue to the people themselves. I suppose your largest resource would be coal, and you will have something in fishing and something in lumbering and possibly agriculture.

The WITNESS: They run agriculture, lumbering, fishing and coal.

Mr. CASTLEDEN: Can you give us any figures as to what your production is in any of these different fields; can you give us the value of the coal you produce, and what your people receive in wages, and what your government would receive in royalties?

The WITNESS: That is, if this program were carried out in the future?

Mr. CASTLEDEN: I referred particularly to what has been the situation in the past and at the present time.

The WITNESS: I am afraid I cannot give it to you entirely. Well, take, we will say, lumbering for instance—I will be corrected by Mr. Purdy, who is in that business, if I am wrong—our lumber production in the province for 1942 was 400,000,000 feet; that is what we call long lumber and pit props and pulpwood. We think that is our normal production and we feel that we can continue to produce that annually for all times with proper and careful cutting. In 1941 we produced 550,000,000 feet, which is more than we think

we can afford to cut; but that will be back to normal, undoubtedly, after the war. Now, that is lumber. Coal—we produced previous—I am speaking from memory and I might be wrong to the extent of a few tons or a few dollars, but I will be very close to it—coal, we produced last year 7,200,000 tons. This year we will produce a little over 6,000,000 tons. And now, those are two things. Agriculture—I do not intend to deal with agriculture, because you already heard on agriculture from the Hon. Mr. McDonald. Then, fishing—it is very difficult for me to say; fishing has declined and has been declining over a good many years in Nova Scotia. I think that is true in the Maritime provinces as a whole, but I am naturally speaking for Nova Scotia. There was a decline perhaps over a period of twenty-five years, a general decline in fishing, and I think it was due to a large degree to marketing. (I have the figures here if I can only put my hand on them in the file of papers I have in front of me.) The decline started—again I am speaking from memory and I stand to be corrected if somebody knows better—the decline started after the last war, when Iceland and Norway, Iceland particularly, financed by England, went extensively into the fishing business on a very large scale; and Norway followed suit; and they delivered their fish on the export market at a price that we could not take care of. Newfoundland was again our competitor, and Newfoundland, too, met the export price, reduced their prices so low that it practically drove the Nova Scotia fishermen out of the market. Now, that is the history of fishing.

Mr. HILL: And the English lost money financing it.

The WITNESS: No doubt they did, but they did finance it to the extent of a great many millions of dollars. As I said when I spoke first, we in Nova Scotia at the present time are making a very extensive investigation, entirely independent of what this economic survey is doing, of our fishing industry, and we propose—we hope with the assistance of the federal government, whose wards the fishermen are—we hope to build up the fishing industry in Nova Scotia to where it was thirty or forty years ago. If we can do that we can take care of a great many people in our province, and we feel that it is worth investigating. And now then, there is the question of fish. Fish is not a crop which you have to plant and cultivate; the fish are there to be had for the taking. In the second place we believe that methods used in inshore fishing have been very bad, and propose that larger boats shall be used and that possibly co-operative groups could work very well; that is, instead of one man and a boy, or two men going in shore fishing, they will have a larger boat and go off shore and probably the old-fashioned schooner that goes out to the banks to fish and the work is done by dories. We are at the present time investigating the possibilities for using other methods; buy larger fishing boats, buy fishing gear, build storage plants and bait freezers distributed right around the shores so that the fishermen will have an opportunity. Does that answer your question?

Mr. CASTLEDEN: What I wanted to get at was this; these are natural resources. You gave us your production. What I want to do is to transform that into living conditions for your people. What is the value of that production? To what extent does that benefit the people of Nova Scotia to have that production there?

The WITNESS: Well, I thought that I had answered you with regard to fishing, that if we could get the fishermen of the province carrying on, we could have a lot of them who would be entirely independent, and with our fishermen independent the rest of our province could get along very well.

The CHAIRMAN: May I say for the information of the committee that Mr. Finn, the Deputy Minister of Fisheries for Canada is now with us; and if I remember right he comes from Nova Scotia personally.

The WITNESS: He could tell you the story better than I could.

Mr. CASTLEDEN: I was thinking more about the coal and lumber resources.

The WITNESS: I think I have already told you that I do not see any possibility of increasing coal production in Nova Scotia at the present time unless we have some guaranteed markets; that is, some suitable markets to which we can ship our coal.

Mr. CASTLEDEN: You get provincial revenues in the way of royalties; how much is that?

The WITNESS: That is 12½ cents per ton—and we got 6,000,000 tons this year—that was something over \$700,000. But, remember, we do not always get it all as you know.

Mr. CASTLEDEN: And that supplies a lot of work for the people of Nova Scotia; not only that but the companies associated with or dependent on the industry throughout the province.

The WITNESS: Oh yes, that is true. We have a large number of men who are dependent entirely on coal mining for their livelihood directly.

Mr. CASTLEDEN: And the other industries that are carried on on top of that.

The WITNESS: That is true.

Mr. CASTLEDEN: And the lumbering industry, what have you on that?

The WITNESS: Well, you take 400,000,000 feet, and take the English market price to-day which is \$38 a thousand—that is not the local market price at all, that is the English market price, the last quotation I had.

Mr. CASTLEDEN: That is per thousand?

The WITNESS: Per thousand board feet. Of course, lumber being used locally is costing as high as \$50 a thousand for the home consumption.

By Mr. Castleden:

Q. What about pulpwood?—A. I am not sure. Perhaps Mr. Purdy can tell you, I cannot.

Mr. PURDY: I cannot give you the pulpwood, but to put it on a comparable basis you can take two cords of pulpwood to a cord of lumber as a rough estimate.

The WITNESS: Yes, two cords of pulpwood is about the same as a thousand of lumber.

Mr. PURDY: There is one point you stated there, Mr. Premier; that after the war the production of lumber would return; and I think you said that lumber at the present time was 500,000,000 board feet. I was under the impression that at the present time it has gone down to 250,000,000 board feet, or about half.

The WITNESS: I was saying that 500,000,000 board feet is our normal production.

Mr. PURDY: Yes; and I would say further that we can go on safely cutting that amount in future.

Mr. PURDY: That is quite true and I am not arguing with you on that point; the point I was trying to make was instead of being above normal at the present time it is as a matter of fact away below normal.

The WITNESS: Below, that is right, and was below last year.

Mr. PURDY: Yes.

The WITNESS: Yes, because of the lack of manpower in 1943 and 1942 we were down a little—that is in 1942 and in 1943 we were down further and in 1944 we will be down to about 60 per cent of the normal cut unless more men are available.

By, Mr. Castleden:

Q. In the pre-war days what were the men getting who were cutting lumber?—A. You mean what were the rates of pay?

Q. Yes.—A. You asked me a very, very difficult question. In the pre-war days, if you were going back twenty years—

Q. Say for 1936.—A. That was in the depression days and the men were working in the woods for \$1.50 a day plus their board; if you put their board at 75 cents a day you would have what they were earning in the depression days. In a great many of the camps this year they are paying as much as \$5.00 a day plus board; that is right, is it not Mr. Purdy?

Mr. PURDY: No, it is \$3.90 I think now—\$4 for choppers.

The WITNESS: Then you have to add a dollar for board; and you take your mill crew, some of them get fairly high wages there.

Mr. PURDY: I know; but I question if the average rate would be quite \$5.00.

The WITNESS: It would be pretty close to it with their board.

Mr. PURDY: Including the board, yes.

Mr. CASTLEDEN: In 1934 what were they paying cutters in the bush?

Mr. PURDY: In 1936—\$1.25 to \$1.50.

The WITNESS: \$1.50 maximum and down to \$1.00 in some places.

Mr. CASTLEDEN: What was the price paid to say a farmer with a wood lot putting peels of pulp alongside the road.

The WITNESS: I am afraid I could not say what it was at that time.

Mr. PURDY: Piled pulpwood would be somewhere around \$6 to \$8 a cord.

The WITNESS: \$6 to \$7 a cord.

The CHAIRMAN: Any further questions?

Mr. BLACK: Mr. Chairman, when the Premier of Alberta was before this committee last week with his minister, Mr. Tanner, he made a statement that Alberta could market their surplus coal production in the central western states if there were no trade barriers. I was surprised at that statement and ask that it be substantiated. He said that it would prevent the long haul to central Canada and subventions. Mr. Gillis, who I am sorry is not here, supported that statement as applied to the marketing of coal in eastern Canada, that if we had no trade barriers we could market our coal in the eastern United States and do away with subventions that now enable us to market coal in Quebec and Ontario. I took objection to that inasmuch as I have had considerable to do over the years with assisting to secure markets in central Canada for Nova Scotia coal. It is my understanding, and it is substantiated by Mr. Frank Neate, who was before this committee, that coal can be delivered at to-day's cost in the New England coal markets to the consumer for less than it could be put on the ears or on the boats in Cape Breton. There is a duty now of 75 cents per ton, and added to that is a freight subvention and a coking subvention for marketing in central Canada. It is Mr. Neate's opinion—and he has given it to me—that if there were no duties on coal and we had no protection and no subventions we could not market a pound of the maritime province coal outside of the maritime provinces. This is a very important matter for our province. I think either now or at a later hearing you should make a statement expressing very clearly the position of our province in respect to the marketing of this surplus coal. By surplus coal I mean what we cannot consume in our own province. Of course, these war years are abnormal years. I regret that production has not been greater. Subventions are not necessary now and we can market it all pretty well in the maritime provinces in supplying bunker coal for the ships. I should like very much if you would make some statement with respect to that either now or later.

The WITNESS: Had I known that question was to be asked I would be prepared to give you a definite answer. I would like to believe that statement is correct. There is no one who would be more pleased than I if I thought that we could deliver coal from our Cape Breton mines in the New England States. A good many years ago that was done. A lot of Cape Breton coal was shipped into the eastern states, to Massachusetts, for cooking purposes, but that was under entirely different conditions. I am not an authority on coal and, as I said before, I would be very glad, if you are anxious to have it, to have our Deputy Minister of Mines, who is an outstanding mining engineer, come up here and answer any questions along that line. However, I cannot believe that statement is correct.

Mr. BLACK: The statement that we could market our products in the New England states?

The WITNESS: I have seen coal excavated in West Virginia. I have seen how it was done, tracks laid along reefs of coal and steam shovels used to load it at about the same price as we can load dirt or gravel on cars in our province to-day. I would say that it can be loaded on cars anywhere from 25 cents to \$1 a ton. I do not know what the freight from West Virginia would be to the New England states, but I am quite sure that it just cannot be done. That is just all there is to it. I am sorry I cannot make a definite statement, but from the knowledge I have of the freight rates and of the cost of taking coal from under the ocean and putting it on cars in Sydney I am afraid that we will have for some time, and perhaps always, to be prepared to accept the markets in Canada with what subventions we can get from this government.

Mr. McDONALD (*Pontiac*): Mr. Black has just stated you have a market now at home in your province for all your coal. I presume that is on account of increased shipping.

By Mr. Black:

Q. I think it is all being marketed east of Quebec now?—A. Yes.

By Mr. McDonald:

Q. The question that I want to put to you is what are the prospects for retaining a greater part of any part of that market after the war?—A. I am sorry I am not a better authority on coal. I pretend to know a little about a lot of things but coal mining is one of the things I am not familiar with but, of course, our coal is all used to-day in the maritimes or at least east of Quebec. To regain the markets we had in Quebec and Ontario we will have to have subventions. We cannot produce coal and ship to these points without subventions in competition with the same quality of coal that comes from across the line. I would like to say something different but those are the facts and we may just as well face it. We can produce more coal in Nova Scotia but we have got to have assured markets before we can get anybody who will invest large sums of money in opening up new mines. There are two or three places in the province where new seams might be opened up but in each of the cases that have been brought to my attention it will require nearly \$1,000,000 to open up the new seams. You would have to have assured markets before we could get anybody interested in opening up these new coal seams.

The CHAIRMAN: Are there any further questions of Mr. MacMillan?

By Mr. Purdy:

Q. The railways are very large consumers of coal?—A. Yes, they are the largest consumer. The railways are our biggest customer.

Q. I was just going to have you confirm that this program you gave us this morning is entirely works within the provincial jurisdiction. You have

not gone into the realm of the municipalities, into the housing problem of the province?—A. We have a housing commission in our province. I would be very glad to arrange for them to come up here before you. I do not like to step into their precincts without discussing it with them, but we have a housing commission and they can tell you the story about housing in our province. Undoubtedly there is a great necessity for additional housing in Nova Scotia, never was as great and never will be, perhaps, as at the present time. If you would like to take a trip down to Halifax you will have the opportunity of sleeping on the streets. That is the best we could offer you at the present time.

Mr. McDONALD: That is not very inviting.

The WITNESS: No, it is not. However, if any member of this committee wants to come down I keep one room in my house for stragglers; but that is the situation. We have in the province a little housing plan of our own that we have been carrying on. It is a co-operative plan where if a group of men in industry get together and buy a plot of land we finance them up to a certain amount in building homes for themselves. In other words, they own the lot and we advance about \$1,800 from the province on a 20-year basis at 3 per cent interest. I think we have five or six of those schemes. In the last two or three years there have been eighty-one houses built and it is working out very well indeed. They have made payments promptly. We have not had a single case where they have not made their payments. It is on a very moderate scale but it meets the situation in some places. However, at the present time a housing scheme would have to be an extremely large one to take care of our people. Of course, if the war were over, as we hope it will be shortly, we will have an exodus from our cities. In other words, the people of other provinces will be going back home.

By Mr. Purdy:

Q. We hope that quite a number of our boys will be coming back, too.—A. Oh, yes, we expect that, but these people that will leave us will be greater in number than those that come back. In the city of Halifax alone with a normal population of 60,000—that is on the peninsula only—there is now a population of approximately 100,000. Then, as you know, there is a city built up outside of the peninsula on the shores where there is probably another 40,000, so that our population has nearly doubled in four years. You can understand that the ordinary real estate man cannot furnish sufficient housing. Therefore, every nook and cranny is filled.

Q. There is one other question. In your submission there are certain references for proposed works under lands and forests. Is there anything included in your program there for flood control on our various rivers?—A. No, I do not think there is. I had fire protection, reforestation, roads and trails, thinning and improved cutting. One may ask, what is thinning? We get a second growth that comes up entirely too thickly to make lumber and that requires to be thinned out. Instead of reforestation we want thinning on most of our places. You know that, Mr. Purdy, as well as I do. It reforests itself. That is particularly true of Nova Scotia with the exception of the barren sections. Roads and trails, experimental work—no, I have nothing here for flood control.

Q. It is a rather important problem in quite a number of our sections?—A. In what way do you mean?

Q. I mean the damage floods are doing to our lands.—A. That is on account of greater floods or freshets than we have had previously?

Q. Yes.—A. The cause for that is that you lumbermen are cutting down the forests and the water runs off a lot more quickly.

Q. Perhaps the Lord has been sending us more water?—A. No, I think you are to blame yourselves.

Q. Then it is hardly fair that the farmers should be placed in a very unfortunate position because of us lumbermen.—A. I may say that I have had

very many applications made to me. I suppose it is only fair to add to what your chairman said my various duties were, that the streams of the province are directly under me also, and I have had various representations made to me about rivers cutting into the cultivated land.

Q. It is a very serious problem.—A. I have a problem on one of my own farms at the present time, to tell the truth, where it is costing me \$1,000 to fix a turn in the river where it is cutting in on my property.

By Mr. Hill:

Q. Storage control of the headwaters will help?—A. Yes, if we could afford control dams at the headwaters we could control the streams.

By Mr. Purdy:

Q. And a certain amount of clearing of the channels because the farmers have not the equipment at the present time?—A. That is all true. Of course, this could be added to some time.

Q. I hope so.

The CHAIRMAN: Are there any further questions of Premier MacMillan?

Mr. CASTLEDEN: I should like to endorse something which the Premier has mentioned. I happened to visit one of those co-operative communities just out of Sydney. I think this committee would be well advised to make a study of that and recommend it for further investigation. There is a group of about twelve families who previously for years had been living in rented houses that were not modern and had no conveniences at all. They got together and under this housing plan they built themselves a group of houses on a properly planned community basis. They had full size basements, well built houses, I think about 28 by 32 feet, completely modern with light. They planned the whole project themselves. I think the plans which they made themselves were submitted to your architect to be approved.

The WITNESS: We have an architect that we loaned to them.

By Mr. Castleden:

Q. I understand that he approved these plans as some of the finest plans that had ever been presented. These people are now living in these splendid homes. I believe they are on 50-foot lots with playground space. They are completely modern. Previously these people were paying as high as \$25 and \$35 per month for very poor housing as rental, and they are now living in these homes for about \$18 a month and at the end of twenty years they will own their homes?—A. That is right.

Q. They did the whole thing co-operatively by co-operative building as well as by co-operative buying, and took advantage of that plan. In comparison with some of our wartime projects I think this is something which all of Canada should look into and which we should recommend very strongly?—A. I may say we are proceeding on that plan in a modest way. That is, we want the group, wherever they are, to be interested first in securing the land. Then we let them get started and assist them by giving them advice, an architect. Then, too, the municipality must approve of their plans on account of taxation because taxation is taken care of continually. We have not asked the municipality to reduce taxation on account of it. Everything is paid for. The important thing respecting it is that these men are starting out almost anew for themselves, they are building their homes and they all have gardens and raise a lot of their own vegetables. It has been a wonderful success. We have not had a single failure. We had one company that got behind a little bit. We helped them to get on their feet again and they have come right up to scratch. I watch them pretty closely because they operate under my department, another little job I have.

Q. Has that money been available for that purpose in the past two or three years?—A. After the beginning of the war we did close down. We did not close down entirely, but we have opened up again now. That money is now available. It is no particular amount. We just take care of it at the end of the year by Order in Council. We do not estimate for it at all. We do not know what the year brings forth.

By Mr. Hill:

Q. Mr. MacMillan, with regard to the fishing industry do you feel it is the duty of the dominion government to give, shall I say, a very large measure of assistance in finding home markets and export markets for fishing? Do you feel that it is the duty of the federal government?—A. It is easy for me to pass the thing along and to say it is a federal government job. I think at present, yes.

Q. To establish an export market?—A. Oh, yes, in the export market; but we the government of Nova Scotia are willing to assist and co-operate in every possible way because we are bound to assist our fishermen.

Q. You think that is a recommendation that this committee could make?—A. As far as I am concerned, yes.

Q. In your statement you were considering some method, I think, of getting some uniform production of fish so that once you had established markets that you could give a uniform flow of fish to that market, which has been the complaint in the past?—A. If we cannot give them a uniform flow of fish we cannot expect to hold the market. In the old days of the trawler it was different. Doctor Finn is here and he can go into this very fully. The only fish I ever caught were a few suckers some times.

Q. That was your suggestion and I presumed it was for that reason?—A. I understand if you have a market you must, if you are going to hold it, keep a flow of fish going forward. That is not possible under present conditions in Nova Scotia because we have not the cold storage plants.

Q. I personally feel it is the Dominion Government's responsibility to provide a lot of these cold storage facilities.—A. I think it is, but we are prepared to assist them.

Q. What about fast transportation after the war, possibly by aeroplane, or fast freight?—A. Ask Doctor Finn about that.

Q. That might give employment to a lot of our pilots coming back.—A. That gets down to another economic question.

Q. I know it does, but I want your opinion on it.—A. Can you deliver fish? There is no doubt you can deliver fish in better condition but can you deliver them as cheaply as you can deliver them in the usual ice cars?

Q. Of course, if the Dominion Government wish to give employment to these people they might do that?—A. That is so.

Q. Another reason why I asked the question is that we find the fish in Ottawa and Toronto that is usually served is in very poor condition when you compare it with what we consider fish in the Maritimes. Rapid delivery might solve that problem and therefore you could obtain a higher price for the fish because the fish would be more edible.—A. Fish properly frozen—

The CHAIRMAN: I do not want to interrupt this nice little tête-à-tête but I am afraid a good many of the members do not hear it.

Mr. HILL: It will be in the evidence.

By Mr. Quelch:

Q. From what you say I take it the main obstacle and almost the only obstacle in maintaining or expanding employment in the main industries of Nova Scotia is the lack of markets?—A. Yes. There is no lack of markets for some of our exports; no lack of markets for lumber.

Q. That is true of coal?—A. No lack of markets for coal.

Q. You cannot expand your production, can you, without having an expanded market?—A. We must have an assured market; that is, a steady market, and of course, at the present time there is the difficulty of transportation. If you attempted to ship coal up into Ontario now it would be very difficult due to the fact there are no steamers to carry the coal. Instead of shipping coal by steamer to-day it is shipped by rail. Ordinarily a large portion of it would be shipped by steamer, but it is practically entirely shipped by rail to-day. I think I am right in that.

Q. That is true regarding the fishing industry and it would probably be true regarding agriculture?—A. Yes, it might.

The CHAIRMAN: Are there any further questions or will Premier MacMillan go on with the electrification of the rural section of Nova Scotia?

By Mr. Purdy:

Q. Would you care to venture any ideas on the future of the shipbuilding industry in Nova Scotia?—A. Well, that is rather a sore point with me, to tell you the truth. I have done a great deal of work trying to build up shipbuilding in Nova Scotia in the past two years and it is very difficult with the steel shipbuilding. I cannot even hazard a guess. I would think the steel shipbuilding that is going on in the yard in Pictou should continue. They are building moderate sized steamers and at the rate they are going they will deliver a steamer a month. That is their proposal. I think they should be kept going. That yard in Pictou is the only real yard we have in the province for steel shipbuilding. Of course, in Halifax there are destroyers under construction in the Halifax shipyards. Whether any more destroyers will be required I do not know. As you all know, one was launched a short time ago. There is another one nearly completed and a third one on the way. I refer to the Tribal class of destroyers. With regard to wooden shipbuilding, I still think there is a place in Canada for more wooden ships and will be for some time to come. That is my own personal opinion and I have no reason to doubt my own opinion. Someone else might question it.

Q. The shipbuilding plant at Pictou and the one at Halifax offer us the greatest chance, looking to the future of war industries expanding into peace-time industries?—A. We do think in Halifax it will not make so much difference because the shipyard there is going to have more repair work than it can handle for a number of years. But we do think in Pictou that they should continue building merchant vessels.

By Mr. McDonald (Pontiac):

Q. Assuming the home fleet of the Canadian Navy would be centred in Halifax, do you envisage any particular advantage or an increase of markets because of the location and extent of the fleet to-day in comparison with former years?—A. If Halifax is continued as it was once before the close of the last war as a naval centre, yes, that is worth a good deal to Halifax.

Q. Is Halifax large enough to-day to be the base of the Navy?—A. Oh, yes, large enough to take care of both navies. Halifax harbour is big enough to take care of both the Canadian and British navies combined.

Q. The only time I went in and out of there was in a fog, therefore I do not know.—A. I would suggest that you return.

By Mr. Ross (Middlesex):

Q. The question of shipping and the Navy suggests another question in regard to coastal and inter-coastal trade. Has there been any interruption in the coastal and inter-coastal trade during the war?—A. Yes, there has.

Q. Do you envisage an improvement or extension of that following the war?—A. Take our trade to the south which is done with very ordinary steamers. That has been entirely cut out. There will be a great number of boats required for coastal work. They are out of commission now through sinkings and going into other work.

Q. I suggest you will have no trouble with crews?—A. They are all sailors now.

Q. You will have no trouble with crews after the war?

The CHAIRMAN: Are there any further questions or do you wish Premier MacMillan to proceed with another subject?

The WITNESS: Somebody has asked me to say something here with regard to our rural electrification plans in Nova Scotia and what we are doing. I can say it in just a word. We amended our act in 1936 to provide subventions for the extension of rural electrification into the rural districts of Nova Scotia. It has worked out very well up to the present time. In the past two years we have been unable to get supplies and we have made practically no extensions except where we made extensions for the three services, where they put in projects and we had to extend to give them light and power. Outside of that we have been unable to get any priorities. As you know, you cannot buy any wire or any transformers or anything along that line. A year ago the bars were let down so we could get 250 feet of wire, and about three months ago the bars were let down a little further. Now we can get 650 feet of wire but that does not give us much leeway to make extensions. In our rural electrification scheme we subsidize or give a subsidy for the extension of lines into the rural district of the province.

By Mr. McDonald (Pontiac):

Q. To what extent?—A. If I had the Act with me I could explain it better. We require six or six and one-half connections to the mile on an average. It is not the same in every district but the average is six or six and a half to the mile to enable us to extend into a rural district on a paying basis. But we have said in our legislation that where three connections could be made to the mile and there are three more possible or potential connections in that mile we will extend the line. That does not mean any particular mile, that means the average of miles over that particular route; and we pay the difference between three and six. In other words to be definite about it, in the first place I should say that under the Power Commission Act of the province of Nova Scotia the province produces the power, not all the power, but we produce I think about 70 per cent of the total power produced by hydro in the province. Of course, there are coal production plants as well.

Q. When you say "hydro" you mean water power?—A. Yes, water power; and we sell that power to consumers at cost regardless of whether it is a municipality or a large utility or an individual subscriber. In other words, our subventions cost us for each connection \$15.66. That will be greatly reduced as more connections are made to any particular line, but that is the average up to the present time, and the average cost to the subscriber for the connection has been \$27, the two together making \$42.66. That is, for each connection the patron pays \$27 and we pay \$15.66. Is that clear? From 1936 to 1941 we built about a thousand miles of line into the rural districts and supplied the connections. We have 8,000 farm connections over that mileage and possibilities for another 2,000, which will make 10,000 connections. In the plans I submitted here this morning we are figuring on another 800 miles of pole lines and further connections of somewhere between around 15,000, which will give us when this plan is carried out somewhere between 20,000 and 25,000 connections in the province, and that is planned over a five-year period.

Q. What percentage in figures would that be of your farming population?
—A. My recollection is the total number of occupied farms to-day is in the vicinity of 28,000.

Mr. PURDY: I think that is probably according to the last census.

The WITNESS: Yes; I have it here somewhere if I can just lay my hands on it.

Mr. McDONALD (*Pontiac*): Approximate figures would be all right.

The WITNESS: If this is going to be published I do not want to be too far off. However, I recollect this: The actual number runs something like this: A number of these farms I have mentioned are small farms, that is, fishermen's farms of a few acres of cultivated land with fishing their main job; but we have 18,000 fairly large farms in the province.

By Mr. McDonald (Pontiac):

Q. Provided with this electric service?—A. No, not yet. I am telling you of the number of farms we have. We hope to reach them all some day, but it will be some time. We have had a good deal of trouble. I can give you an instance of that in Mr. Purdy's constituency and in Mr. Black's constituency, where we have not had the co-operation we should have from the utility companies.

By Mr. Black:

Q. Do you require the privately-owned utility companies to supply these farms electric service at cost of producing the energy?—A. No, we subsidize them the same as we do any other companies.

Q. Do they exact a substantial profit; is there any restriction, and if so, what is the restriction?—A. There is the restriction of the public utilities board on the profits they can make on the energy sold. I did seek legislation, but was not very successful with it to make them supply at cost. Perhaps I was going a little too far. Our difficulty in your constituency is this: In Truro, in Colchester county, there is a company that stands in between us and the farmer seeking connection. I think it is the Snook Company, is it not?

Mr. PURDY: It has filled in a gap there just the same, sir.

The WITNESS: I am not criticizing at all. What I wish to say is this: We have authority now to deal with cases of that kind. They buy their power through the Truro Electric, which in part is supplied by ourselves through the Sheet Harbour development, and partly by a coal-burning plant of their own. That is turned over to this other company, and of course there is undoubtedly a little profit added in there, there must be. They have to operate at a profit, and in turn the rural section would have to get their connection from that company. Therefore there are two profits taken off before it reaches the consumer, and that is one of our difficulties. The same is true in part of your constituency, Mr. Black. I think your plant is the MacCan, which supplies the Edison Light and Power, does it not, and the Edison in turn would have to supply, and we have had a great deal of difficulty in making the necessary arrangement, but at the last session of the legislature we took power and now where we do not get the co-operation we can take over the utility. We have the power now to take over any utility in the Province of Nova Scotia.

By Mr. McDonald (Pontiac):

Q. Have you established a commission or other authority to deal with rates and such questions?—A. We have a public utilities board that has been functioning for a good many years, and it fixes the rates and other costs.

By Mr. Purdy:

Q. Is it not a fact that the rates allowed by the public utilities board to private companies has been insufficient to enable them to service their debt charges, and therefore they have had to go back to their shareholders and bondholders?—A. I did not know that. I have no information to that effect.

Q. I think you will find that is the case.—A. That may be.

By Mr. Castleden:

Q. Your policy is not to go into competition with private companies, but rather to supply service to areas where the other people will not go?—A. To service the rural areas where the other fellows don't think it is possible to do it; but if the other fellow will, we will give them the same subsidy as we give the others. They are all on equal terms as to subsidies.

Mr. McDONALD (*Pontiac*): But sometimes you run into a territory where the other fellow is already established?

The WITNESS: We don't do that. There is no competition.

By Mr. McDonald:

Q. But it did happen in a case you mentioned?—A. There were no two lines running in the same place serving the public, because our public utilities board deals with that matter, and they arrange zones in which companies may operate.

By Mr. Quelch:

Q. When you are making a new connection is there a fairly heavy installation charge, such as paying for the transformer, and so on?—A. No, that is all included.

Q. Is there any initial cost?—A. No, there is no initial cost; and in addition to that we pay the rural dwellers—we give them an advance to wire the premises; that is, if they are not able to wire the premises we see to their wiring and we pay part of the cost and we give them ten years in which to pay it back, added to their monthly bills.

By Mr. Castleden:

Q. What is the cost per kilowatt hour?—A. I don't know if I have that; I can give you the cost at our plant.

Q. What I want to know is the cost to the consumer?—A. That runs all the way from—I thought I had it here somewhere, but I appear to have lost it among my other papers.

By Mr. Quelch:

Q. I wondered what happened during the depression, did you find rural subscribers who had difficulty in carrying on?—A. We never lost a subscriber during the depression, not one. We found that it was a little different from telephone services, a great many people disconnected their telephones in a depression but they will not disconnect their lighting service; once they have it they always have it. That has been my experience.

Q. I had in mind telephones and the experience which we had in Alberta, a great many of our telephone subscribers were lost during the depression.—A. Well, perhaps you could put it in out there cheaper than we can. One of our great difficulties is the cost of transformers and equipment. If we could buy our transformers at the price at which they sell them in the United States, it would make a vast difference, about 30 per cent more here than they pay in the United States.

Q. The transformers would be the main cost?—A. That is one of the costs, and that depends directly on where your subscribers are located, the distance

they are from one another and the number of transformers that you need to service a given locality. If you have a spot which is fairly densely populated one transformer will take care of quite a number of subscribers. You have always to balance up the cost of the transformer against the cost of half a mile or a quarter of a mile of transmission lines—do you understand me?

Q. Do you put the wiring right into the home or do they have to pay the cost of carrying it from your line?—A. We take it right to the home.

By Mr. Purdy:

Q. Speaking of the cost of the lights to the consumer; would you agree that the present system of levying is high?—A. I do not get what you say, would you speak a little louder, please? I must be getting deaf, or something; I cannot seem to hear you.

Q. With respect to your remarks as to the cost of the service to the consumer, would you agree that the present system of levying the sales tax on the amount of the monthly bill works to a disadvantage for rural people?—A. The sales tax?

Q. Yes, the federal sales tax.—A. I don't just get your point, Mr. Purdy.

Q. You know there is an 8 per cent sales tax on practically everything.—A. Yes.

Q. It is based on the dollar amount of the bill each month.

The CHAIRMAN: You mean that that has to be paid on the amount of electricity used each month, do you not?

Mr. PURDY: Correct, and in that way the rates are higher than they otherwise would be.

The WITNESS: It is a very contentious question to ask me and one which I would rather not answer.

Mr. PURDY: I have a very strong opinion on that and I thought you might confirm it.

The WITNESS: I suggest that you personally put it instead of myself.

By Mr. Sanderson:

Q. What is the population of your province?—A. Pretty closely to 600,000. I haven't the exact figures but I think that is right, is it not Mr. Black or Mr. Purdy?

Mr. PURDY: I think it is 568,000, and something.

The WITNESS: It was 586,000—somewhere around there. It is more than that to-day I can assure you.

By Mr. Sanderson:

Q. Is fishing one of your largest industries?—A. Yes, it is, if it is prosecuted it might very well be our largest industry.

Q. What is the reason it is not?—A. I think I gave the reasons before lunch to-day; decline in the markets, due to the causes which I gave. Now, Dr. Finn is here and I suggest that you ask him these questions; he is a Nova Scotian and he is acquainted with the situation and he is a fisheries man.

Q. Has it gone down during wartime?—A. No, no; it has increased and the market for fish is excellent now and the fishermen are doing very well. If that condition continued the fishermen would be all right.

By Mr. McDonald (Pontiac):

Q. Excuse me if I seem to be putting a lot of questions to you in regard to this matter but as a member of the legislature of Quebec some years ago, in 1935 they appointed a commission to study this question of rural electrification.

I have a report of this committee before me which was presented to the legislature on the 21st of January, 1935; and amongst other things I see here, one of the reasons for my asking the question I did as to the number of your farmers using the service was that at that time in 1935, is that while we have heard a great deal about rural electrification, in Ontario only 13 per cent of the farmers were receiving electrical service. A. In Ontario?

Q. Yes; and I was trying to find out what percentage you had arrived at.
A. I will be glad to give you that.

Q. It is not absolutely necessary, but that is the point I had in mind. And now, in the recommendations by the commission to the government in regard to this matter in particular there is this, rural electrification shall be increased under subsidy; and they take as a basis these facts that in Ontario the Hydro Electric Commission subsidized it to the extent of 50 per cent. They also suggest here that an electrical commission should have control over all power companies in the province of Quebec; that is the whole thing leading to the distribution of electricity?—A. Yes.

Q. And they do not recommend state control?—A. What is that if not state control?

Q. State ownership—I meant state ownership, not control; a commission or a body or a board should have control.—A. You say that they do not recommend state—

Q. Ownership.—A. Ownership, not state control.

Q. State control under a commission.—A. Yes.

Q. Not very much has been done?—A. We have state ownership of the greater portion of our water power development in Nova Scotia, the greater portion of it.

Q. Since this report was written, in one instance we have state ownership of the power company—and that happens to be located in my county in northwestern Quebec—and that is the only one we have; but the fact remains that we have not had any extensive rural electrification in our province while we have an abundance of power. That is why I was interested in rates.—A. Well, I am sorry I do not appear to be able to put my hands on the rates at which we deliver power to the consumer, but I can give you our cost of production in the various plants. Take the St. Margaret's Day plant which supplies power to the city of Halifax and the surrounding district; the cost of producing power at the power station is .82; and delivered at the city of Halifax over a very extensive transmission line the cost is 1.784; that is the cost of the Nova Scotia Light and Power Company, the price they pay for it.

Mr. CASTLEDEN: And it is delivered in large quantities?

The WITNESS: Yes. They took the whole output of the plant.

Mr. CASTLEDEN: Per kilowatt hour?

The WITNESS: Per kilowatt hour. Then you take the Sheet Harbour plant, we have two plants there—the cost of producing power at that point is .625—that power is sold entirely to the Pictou Power Board and distributed through the mining centres around there—and delivering at Pictou over a long line of about 50 miles is 1.0471. At the Mersey plant—these are our largest plants—the cost of production is .484; and that is what they pay us for it, the Mersey Paper Mills, .484.

Mr. CASTLEDEN: Do you serve a rural community around the Mersey plant?

The WITNESS: Yes, quite a bit of it. We do not get that power there though. We have another plant that takes it out from there called the Markland System. It is part of the same system, but we are receiving—we made a deal with the Mersey people whereby we receive a certain amount of power for our own use. They have their own little plant, where the cost of hydro power is very high—2.820—but that is sold or rather delivered at 1.29. Now, you may ask

how power costing 2·820 should be sold for 1·29: we have to increase the amount of the power used by taking it from the Mersey people at a low price and when you put the two together you get that price.

Mr. CASTLEDEN: I was just wondering what the cost would be to the farmer along that Mersey line that you were speaking about?

The WITNESS: It would depend entirely on the length of the farmer's line and the number of transformers and the cost of building the line. It would run all the way from one cent a kilowatt hour or a cent and a half up to—we have places in the province where we distribute power at 8 cents a kilowatt hour.

By Mr. Castleden:

Q. Is there a service charge over and above that?—A. No.

Q. Not a monthly service charge?

The CHAIRMAN: I do not want to interrupt this very interesting discussion, but actually it has more to do with present day affairs than with post-war conditions. I am wondering if we could not say a little more directly to our reference.

Mr. BENCE: With all respect, Mr. Chairman, are we going to hear from Premier McNair? It is now going on to four o'clock.

The CHAIRMAN: If we are through with the present witness in time we will call him. If it is necessary we can sit this evening; or, we can carry on again tomorrow morning. I know how easy it is to follow a discussion of immediate present interest; but however interesting the material offered may be I think we should really stick to our particular task, which is to deal with post-war matters.

Now, I think Premier MacMillan was going to say something about Canso straits. We have had evidence on that and we would like to hear what he has to say about it.

The WITNESS: With regard to the causeway and the relining of the Canadian National Railway from Sydney to Truro, or to Monetton if you like. As you are aware, I think you had some evidence before you here; at least, I understand you did, and I tried to get a copy of that evidence, but I did not succeed; apparently I did not go to the right quarter to get it. But the evidence you had I think revealed the fact that there was a great necessity for the construction of a bridge or causeway across the Strait of Canso. And now, there is a matter I would like to say about that situation, and with your permission, Mr. Chairman, I will say it off the record.

(Discussion continued off the record)

The WITNESS: Now, as to the causeway—and I want to say that I have made a little personal study of that situation there for four or five years; I have given it some little attention—and the situation is I think as probably was described to you was that the ordinary locomotive will pull from 50 to 20 cars from Sydney to Truro; but as reduce the grade and change the alignments and the ordinary locomotive would carry anywhere from 50 to 60 to 70 cars. There is a tremendous loss going on every day, and it will continue to go on until there is a bridge across the strait of Canso, or a causeway; and until there is a new alignment of the road. I am not suggesting what that should be; but I made a few figures in my room down at the hotel—I arranged to have them copied and they just reached me a few minutes ago—but there are two things; first, the estimated cost of the causeway—the cost of that would be approximately \$3,000,000.

Then I have another proposal here. This is taken from information that was given perhaps here—I am not sure, but I got a memo on it from somebody—changing 60 miles of grade between Sydney and Truro. There are various places where the gradient would have to be changed between Sydney and Truro, 60

miles, \$6,000,000. That is my own estimate, of course. I am not quoting anybody else. Then there is building a causeway, \$3,000,000; add for locks \$1,000,000, making a total of \$10,000,000. From Sydney to Point Tupper you have a gradient of 1·25, and from Mulgrave to Truro your maximum gradient is 1·52. By making those changes you will cut down your grades to seven-tenths which will allow you, in my judgment, with the same locomotive to carry anywhere from 50 to 60 loaded cars, at least.

Suppose you have to borrow \$10,000,000 to do this work; I want to try to prove to you that from an economic point of view it is absolutely sound, and the wonder is that the railway have not discovered this, or if they discovered it, have not acted on it long ago. Interest at 3 per cent is \$300,000; sinking fund 2 per cent, \$200,000. Somebody may say that is not enough sinking fund, but it is all right for a job of this kind where the work is permanent. Carrying charges, \$500,000; cost of operating the present ferry and shunting engines on both sides—I have got this from very reliable authority, and I would suggest to this committee that they call the auditor of the Canadian National Railways and determine for themselves whether my figures are correct with respect to the operation of that steamer—cost of ferry operations, \$400,000 annually; depreciation on steamers and incidental expenses, \$100,000, making a total of \$500,000 or just balancing out.

I am giving you these figures for what they are worth. I think the work should be done. I know of no post war work that would take care of more men than this job would if it was carried out in its entirety. That is all I wish to say. I think it should be done. I think the Canadian National Railway owes it to the province.

By Mr. Hill:

Q. You have not figured anything in there for saving in cost of operation?—
A. No, I could have mentioned there will be a saving of possibly 20 per cent in carrying charges of freight between Sydney, and Truro and Moncton. Of course, there is another scheme I have seen set forth, but my scheme is in between the two. They propose a \$22,000,000 expenditure and doubletracking the line clear through to Moncton.

By Mr. Castleden:

Q. Does that provide one causeway with a double track?—A. It provides for a single track rail, that is all, and provides for a highway. You couldn't leave the highway out.

By Mr. Black:

Q. What about the proposal to complete the Guysboro branch and extend it to Mulgrave?—A. That is another proposal to complete the Guysboro branch for freight work and let the present road take care of the passenger traffic. There is something to be said for that. I am not sure what the grades would be on the Guysboro branch but they would be easy grades in comparison with the present grades on the road. I think the saving in freight would warrant the expenditure. After all, a few years ago we would call that a large expenditure, but the way we are talking about millions to-day it is only a trifling matter.

Mr. McKinnon:

Q. Has that proposition been put up to the Canadian National Railways?—
A. This here?

Q. Yes.—A. No, I just worked this out myself in the last few days. I have not put it up. They know it all.

The CHAIRMAN: We had the Canadian National Railways before us on the matter.

Mr. BERTRAND: There are figures on each of the different problems we are studying.

The WITNESS: I am using my own best judgment in preparing this statement. Perhaps my judgment is in error. I do not know.

By Mr. McDonald:

Q. In the submission of the C.N.R. to us regarding that causeway they said that provision should be made for a lock so as not to block navigation?—
A. I have got that here, \$1,000,000. Of course, there is also a saving to the highway department. The cost of operating highway steamers at Mulgrave is approximately \$60,000 annually. I think that is what it is costing to-day. There are two steamers there, and half hour service, and I think it is costing \$60,000 including the cost of the docks at both sides. I am quite sure that the province would be willing to contribute that \$60,000 to a better service across there. We will not do it unless we have to, but we would be quite willing to do it if it is necessary. The province has a capital expenditure there of about \$240,000 or \$250,000 up to the present time.

The CHAIRMAN: Are there any questions in connection with the causeway?

Mr. CASTLEDEN: I should like to ask whether any survey has been made by engineers with regard to the difference in cost and efficiency of a bridge rather than a causeway?

The CHAIRMAN: I think we have a statement on that.

The WITNESS: I think the C.N.R. would give you a statement on that. Of course, a bridge undoubtedly would be the better of the two because you would have some little things in connection with your causeway to watch such as ice conditions, and all that kind of thing.

By Mr. Castleden:

Q. And tide?—A. Yes. There is not much tide there, 3 or 4 feet. There is quite a current.

The CHAIRMAN: Are there any further questions in connection with the causeway? If not, we will ask Premier MacMillan to go to some other point if he has other points which he wishes to bring before us.

The WITNESS: No, I do not think I have anything more.

The CHAIRMAN: Mr. MacMillan has nothing futher. Any questions you may wish to ask will be answered by him. I do not want to appear to be rushing, but if not, then I want to express appreciation to you, Mr. Premier, for the marvellous manner in which you have presented before us the cause of Nova Scotia. I do not know just in what shape your notes are but your mind was in excellent shape in answering questions.

The WITNESS: I have too many notes.

The CHAIRMAN: You answered questions with near perfection. I am positive that all the members of this committee who have been with us have a much better knowledge now of conditions in Nova Scotia and a deeper appreciation of the difficulties under which both public men, business men, farmers, and labouring men have been working in that eastern province. I thank you very deeply, Mr. Premier, for being here. Perhaps you would like to say a word to us.

The WITNESS: I have nothing to say. I am very pleased to be here and I am sure that I appreciate the hearing that I got. With respect to the information, I am sorry that I did not have a very extensive brief well prepared and read it to you, but I am not a very good hand at preparing briefs. I always prefer to deal with the thing standing on my feet if I can. If there is any further information that any members of this committee would like to

get with respect to any of the things I have discussed, I would be glad, indeed, to put whatever department is interested in touch with you and we will give you all the information we have available at any time. Thank you very much.

MR. PURDY: You will see we get a copy of the Dawson report when it is ready?

The WITNESS: It may cost you something—yes, I will see that you get it.

Witness retired.

THE CHAIRMAN: We have with us Premier McNair and one of his colleagues in the government of New Brunswick, and those who have been working on the various post war problems of the province of New Brunswick. Mr. McNair, besides being Premier, is Attorney-General of the province. He introduced to us a while ago Mr. Boucher, Mr. MacKenzie, and the others who are with him to-day. Without further words I will ask Mr. McNair if he will now give us the brief he wishes to present to us.

HON. J. B. MCNAIR, Premier and Attorney-General, Province of Nova Scotia, *called*.

THE WITNESS: Mr. Chairman, members of the committee: I want to repeat again that we appreciate greatly the opportunity of appearing before your committee and repeat again that I have pleasure in having with me the members of our provincial reconstruction committee headed by Dr. MacKenzie. This committee was appointed early in the present year with rather broad terms of reference to study post-war problems and needs and other phases of reconstruction as affecting the people of New Brunswick, with directions to report their findings and recommendations to the provincial government.

For some time the committee, through various sub-committees set up by it, have been pursuing their work. In addition, during the past few weeks they have held a series of public hearings throughout the province to receive information, suggestions, and recommendations, from municipal and other organizations. They concluded such meetings only last Friday.

It is regretted that our committee has not yet had time to complete its studies or prepare its report. Naturally the provincial government has had no opportunity to consider their views. Doctor MacKenzie will outline for you the nature of the work the committee has been carrying on and indicate some of the impressions he and his associates have formed on the matters which have been engaging their attention. It must naturally be assumed that all proposals and suggestions are put forward on a tentative basis.

At the outset may I say that the subject of reconstruction is of more than ordinary concern to the people of New Brunswick. The need for economic and social development existed long before the outbreak of war.

For a number of reasons, and for a long period of time, the regional economy has been in a state of chronic unbalance. The forces which have caused this condition have been, and still are, essentially beyond the control of the province. Geography, national policy and monopolistic competition from without are basic contributing factors.

The remedies lie primarily with the federal authorities, which have exclusive jurisdiction in respect of such vital matters as tariff, freight rates, credit, exchange, international trade, foreign markets and monetary policy. These are all matters of fundamental concern to the primary industries upon which the welfare of the people of New Brunswick chiefly depends.

Except for a brief period during the late depression, when the prairie region of Canada was particularly hard-hit, the per capita income of New Brunswick

has been, with the exception of one other province, the lowest in Canada. While our internal situation has unquestionably improved during the war, there is nothing to indicate that our relative position within confederation is any better. A more equitable share of the national income is for us a vital matter.

This statement of our position is in line with the views of the Royal Commission on Dominion-Provincial Relations expressed as follows: "New Brunswick shares with Nova Scotia the unhappy distinction of the longest unfavourable economic history of any Canadian province". (Report, Book 2, p. 91).

Earlier in their report the Commission pointed out that "the general effect of national policies has been to accelerate the natural shift of industry and finance, and of concentration of wealth and income, to central Canada". (Book 1, p. 190).

The development of the national war program has tended to aggravate this unsatisfactory situation. National policies have again operated to intensify an already strongly entrenched centralized industrial organization. The Bulk of war contracts have been placed in the central provinces where existing plants stood ready for production. This was, perhaps, a normal result of the existing abnormal conditions.

Unfortunately, however, for us a disproportionately small share of the vast amount spent from the federal treasury on government-owned plants and equipment was expended in New Brunswick.

The opportunity which offered to rectify, through a rational dispersal policy, the abnormal concentration of industry was not taken advantage of. The possible conversion of these war plants to post-war industrial purposes constitutes a further threat to our hopes for an amelioration of the present unbalanced situation.

The maintenance of the national income at levels no lower than those now prevailing must be the national objective. In any planning for the future its more equitable and even distribution on a regional footing should receive foremost consideration. It will be entirely unacceptable to New Brunswick to have the present disproportion stabilized or frozen.

The extent of the national income is dependent upon production of goods and services along with construction and other works projects, supplemented by social security measures. Due to the fact that the bulk of our population is engaged in the primary industries our per capita income is, as has been pointed out, relatively low. It is suggested that one effective method of raising the scale would be by increasing the flow of money through public works projects.

The benefits which would result from better roads and other transportation facilities, wider electric power services, land reclamation, flood control, the development of national parks, and other recreational facilities, would not only be reflected in economics for our producers but would tend to attract capital and business to the province. The financing of such improvements will be touched upon later.

So far as post-war planning is concerned, our essential aims are (1) employment within New Brunswick, with reasonable returns for their labour, for all our people who are able and willing to work; (2) improved educational facilities and enlarged educational opportunities; and (3) social and welfare services comparable to those obtaining elsewhere in Canada. Obviously post-war reconstruction and rehabilitation must be studied both in their permanent and emergency aspects.

The problem of permanent reconstruction involves long range planning for the general improvement of the social and economic condition of our people.

During the war crisis, our farmers have responded magnificently to the appeals made to them for the increased production of food. This has been done under many serious handicaps, including the shortage of farm labour, feed grains and protein feeds, fertilizer and farm implements.

But the basic problems underlying the whole field of agriculture in New Brunswick have not been changed by the current high level of production. Rural electrification, improved means of processing and marketing farm produce at fair prices, better social, welfare and educational services, and a larger share of the national income are fundamental to our reconstruction program.

The same principles apply to the forestry, fishing and mining resources. The people engaged in those industries are also living under adverse conditions, without the benefit of many services essential to a decent way of life.

Since the economy of New Brunswick is essentially composed of primary industries based upon our natural resources, the welfare of our people depends upon the healthy condition of the major industries—forestry, farming, fishing and mining.

Well over half of our population is dependent upon these industries for a living. The men and women in the armed forces probably represent a fair cross-section of the occupational pattern of our people, and when they are demobilized a large proportion of them will have to look to these primary industries for employment.

Reconstruction in New Brunswick must, therefore, concern itself pre-eminently with these basic elements of our economy. This, for us, is fundamental.

In its emergency aspect our post-war planning must concern itself with the transition, in the period immediately following the war, from a war to a peace-time economy. The absorption of our ex-service men and women back into normal occupations is for New Brunswick a problem of major proportions as our percentage of enlistments is probably the highest in Canada. Probably I should have said as high as our sister maritime provinces. The figures are very close actually.

The return to their ordinary avocations of those of our people who are now engaged in war industry throughout Canada will also be a matter of extreme urgency.

It should be kept in mind that New Brunswick is less likely than many other areas to benefit by any post-war boom caused by the accumulation of consumer purchasing power. Certainly it will not have the effect in New Brunswick that may be expected in the industrialized sections of Canada, where machinery for normal production will be thrown into early operation.

The emergency program for the reconversion period which will follow the war must in our case embrace a broad program of public works projects to furnish employment. This points to the necessity of having definite plans to be thrown into operation immediately the need arises. This need will develop upon the cancellation of war contracts and become intensified with the demobilization of the Armed Forces.

The question of financing such operations is a matter of extreme importance to the Province of New Brunswick.

Having carried the major share of unemployment costs during the depression years, first under the dole system and later through public works programs, the results of which are to-day reflected in their debt positions, the Province and its municipalities are unable in our opinion to assume new burdens of a like nature, except at such sacrifices in the form of lessened social and educational services as could not be tolerated.

In this connection I would remind the Committee that the Commission on Dominion-Provincial Relations made very sweeping recommendations in our case for provision at federal expense of such latter services—I am referring to social and educational services—in the following language:—

New Brunswick (Province and municipalities) is at present spending little more than half what the Commission estimates would be necessary to bring its education and public welfare services to the real (although not dollar) national per capita average. The explanation of this is found in New Brunswick's lack of taxable capacity, and in the heavy drain of its unproductive debt burden. Consequently, although New Brunswick would gain, in round figures, some \$1,300,000 under the general provisions of the Plan, the Commission recommends an annual National Adjustment Grant of \$1,500,000. This is chiefly to make provision for increased expenditure on education and public welfare (in approximately equal parts) but some allowance has also been made for a moderate expansion in public domain and developmental expenditures. . . . The resulting surplus, which is expected to provide for expanded educational, welfare, and to a small extent, developmental services, is large in relation to total current expenditures, but not in relation to New Brunswick's needs if the Government of that Province is to be put in a position to supply the average Canadian standard of social services and education to its citizens. (Book 2, p. 92).

The financial plan recommended for New Brunswick by the Commission was enlarged somewhat in later studies made in preparation for the Conference between the Dominion and Provinces called to consider the Report in January, 1941. As so expanded its implementation would have improved our financial position by approximately 3·5 millions of dollars to be used primarily for the purpose of bringing our educational, social and welfare services up to the average standard prevailing throughout the Dominion. This estimate of our requirements was advanced on the assumption that other services would be maintained on a normal basis.

This statement of our needs in those particular fields will indicate that substantial financial assistance is required by way of increased subsidies, grants-in-aid or in some other form if the people of our Province are to enjoy, on an appropriate scale, the services which to-day are considered throughout Canada as normal requirements.

It will serve also to indicate the effect on our social and educational services and the sacrifices that would be required of the people of New Brunswick if the Province and municipalities were obliged to assume any substantial part of the abnormal burdens involved in a post-war emergency program such as is in contemplation.

In our view the action of the federal authorities in taking over income and corporation taxes for the duration of the war has enlarged the financial responsibility of the Dominion towards the Provinces. The wisdom of the Dominion in assuming complete control of these tax fields, to meet the necessities of war financing, is not in issue.

The point is that the Provinces were obliged to abandon those tax fields during the period of their highest productivity. Their value after the war is highly problematical, being contingent on various factors, including the extent of the Dominion's withdrawal therefrom. In any event the opportunity which was at hand for the Provinces and municipalities to strengthen and improve their financial position has been lost to them.

It must of necessity be assumed that the financing of any program of public works will, so far as New Brunswick is concerned, be the primary responsibility of the federal authorities. So far as members of the Armed Services are concerned

in our employment plans, and their interest is very extensive, it should be remembered that they were withdrawn from civil life by the national authorities. They have the right to be cared for at national expense until fully rehabilitated. The position of the war worker should be similarly regarded.

It is suggested that in any studies on Reconstruction the findings and recommendations of the Royal Commission on Dominion-Provincial Relations should receive the most careful consideration.

As stated by the Prime Minister of Canada in opening the Conference, called to consider the Report of the Commission, "The commissioners began and continued their labours in a spirit of scientific inquiry. They travelled to all parts of Canada. By interview, by evidence, by personal investigation and by study, they gathered together material for what can be fairly described as one of the most exhaustive and comprehensive surveys that has ever been made at one time of the historical and economic background of the social life of any country. In this work they were assisted by many able and experienced specialists in the field of economics, finance, social science and constitutional law.

"The work of the commission is to be found not only in the three major volumes of its report, but in the comprehensive and authoritative studies which accompany its publication and form the basis for its findings. These volumes are notable examples of Canadian scholarship and research. While the final reputation of the report will no doubt depend upon the manner in which it can be wisely used in the national interest, it will always remain as a splendid contribution made by able and public-spirited Canadians to the history and progress of their native land." (Report of Conference Proceedings pp. 6 and 7.)

Again at page 9 the Prime Minister is reported as follows:—

It is our considered view that the adoption of the commission's recommendations is necessary to put our country in a position to pursue a policy which will achieve the maximum war effort, and at the same time to lay a sound foundation for post-war reconstruction.

His remarks at page 10 are also relevant in relation to the viewpoint which I have been seeking to express: "The crux of the problem which faced the commission and which faces this conference is, of course, the financial relationship between the federal and provincial governments. When the commission was appointed those relationships had been seriously strained, and the autonomy of many of the provinces endangered by the terrific financial burden of unemployment relief upon all governments. The burden has to-day been greatly reduced, but the heavy charges imposed by the Governmental debts incurred in meeting it unhappily remain."

The suggestions and proposals of the Commission afford an excellent basis for Dominion-Provincial discussions on post-war Reconstruction, in the light of the knowledge being made available through the series of studies and investigations now current. That, Mr. Chairman, is all I have to submit at the present time. The bulk of our submission has been left to the chairman of our Reconstruction Committee, and it gives me pleasure to introduce to your Committee Doctor N. A. M. MacKenzie, who is the President of the University of New Brunswick, and as I have already said, the Chairman of the New Brunswick Reconstruction Committee.

Dr. N. A. M. MACKENZIE, called.

The CHAIRMAN: Doctor MacKenzie, I told you this morning that the Minister of New Brunswick, the Hon. Mr. Michaud wanted to be present with us but he is confined to bed and could not come; but I see through courtesy to Mr. McNair and Doctor MacKenzie he has sent his Secretary, Mr. Bossé, to be present while you are at work.

Doctor MacKenzie, will you continue?

The WITNESS: Mr. Chairman, Mr. Premier, Members of the Committee: As Premier McNair has stated, the New Brunswick Government last January appointed a Committee on Reconstruction under the terms of the following order-in-council.

The Honourable the Premier reports for the information of the Committee of the Executive Council:—

That in view of the interest which generally prevails in regard to post-war problems and the advisability of formulating in advance policies and measures to cope therewith, and having in mind the existence of a Dominion Committee on Reconstruction which has been actively pursuing investigations and studies in the field of post-war reconstruction and rehabilitation, it is, in his opinion, desirable that an organization be established to encourage and develop, in collaboration with existing bodies and groups within the Province, and through such collateral organization as may be set up, a more intensive study and consideration within the Province of post-war problems and the various phases of rehabilitation and reconstruction as affecting the interests of the people of New Brunswick and the provincial economy, to coordinate such studies and research and consolidate the results thereof, and so far as possible correlate such investigations and the results thereof with the work of the Dominion Committee.

The Premier therefore Recommends:—

1. That there be a provincial Committee on Reconstruction consisting of:

Dr. Norman A. M. MacKenzie, Chairman
Hon. J. Gaspard Boucher, and
Mr. John S. MacKinnon¹

and such others as may from time to time, by Order-in-Council, be added thereto;

2. That the members of the Committee serve without remuneration but be paid their reasonable travelling and living expenses while engaged on the work of the Committee;

3. That Dr. J. Richards Petrie, Secretary of the Advisory Council on Economic and Industrial Development, be secretary of the Committee; and that the Committee be authorized to obtain such other secretarial, technical and clerical assistance as the Committee may consider necessary;

4. That the Committee conduct such studies and investigations of post-war problems and needs as to the Committee may seem expedient or as the Executive Council may direct; organize such investigations by departments and agencies of government; encourage such studies by existing organizations; establish sub-committees to conduct such research where considered feasible and advisable; take steps to integrate the work of such departments, agencies, sub-committees and others; consolidate the results of their investigations; and make such findings and recommendations and draw attention to such factors in the field of reconstruction and rehabilitation as to the Committee may seem desirable;

Note ¹ On the death of Mr. MacKinnon, Mr. F. S. A. McMullin was appointed to the Committee.

5. That the Committee seek to maintain liaison with the Dominion Committee on Reconstruction, to work in collaboration therewith and to correlate its investigations and the results thereof with the work of the Dominion Committee;

6. That the Committee be responsible to the Executive Council and shall report accordingly, or as the Council may direct.

And the Committee of Council concurring in the said report and recommendation,

It is Accordingly so Ordered.

We have not yet presented a report to the Government. Our report is in process of compilation, and a number of comprehensive studies are under way. The statement which we have prepared for your Committee represents the general views of our Committee, and must be considered as an interim statement. I shall review our activities and indicate some of the impressions which we have formed in connection with reconstruction in New Brunswick.

The first step taken by the committee was that of deciding upon fields for study and investigation. It was decided that the following matters be considered.

1. Natural resources, in terms of forests, lands, mines, fisheries, electric power development, conservation, flood control, and recreation;
2. Health and social security, including social services, hygiene, social insurance, old age pensions, and public health services;
3. Education, in terms of plant and equipment, adult education, vocational training, educational standards, and universities;
4. Agriculture, including soil surveys, land settlement, production methods, marketing, rural electrification, dyking and drainage projects;
5. Public works in connection with roads, bridges, and public buildings;
6. Industrial development;
7. Finance;
8. Rehabilitation of returned men.

These matters were referred to the heads of the appropriate government departments with the request that sub-committees be formed to study and make recommendations on these several fields. Various department sub-committees are now engaged in preparing detailed reports on public works, natural resources, agriculture, education, power development projects and rural electrification.

Concurrently a request was made by us to the municipalities, the various service groups and clubs, boards of trade, and other organizations in the province to present their ideas on reconstruction to the committee. It was considered desirable to indicate the priority of reconstruction projects. Stress was laid upon projects which are essential to the welfare of the community, which would tend to be self-liquidating, and which would provide continuing employment. It was suggested that emergency works projects should be considered and treated separately.

Our committee then went on tour, as the Premier has stated, and we took with us in addition to ourselves and our secretaries, a corps of experts, so that we could do for the people who met with us the kind of thing that Premier McNair is doing for you gentlemen this afternoon answering all sorts and kinds of detailed questions and give all sorts of detailed and accurate information as to matters in hand. Now, unfortunately, it was not possible to bring those experts with us to-day and for that reason our interim report will of necessity be somewhat general in nature.

Seventeen meetings were held during the months of September, October and November, the last of which was concluded a few days ago. A complete stenographic record of each meeting has been kept. During these three months the committee has met with men and women in every walk of life, employer and employee, farmer and fisherman, rural and urban. The experience has provided extremely useful information concerning the opinions, needs, hopes and fears of the people of New Brunswick.

There has been a marked and persistent pattern in the briefs and proposals presented to the committee. Similar proposals have been embodied in the submissions made in every part of the Province, and they may be summarized under the following headings:—

1. Forest Conservation and Utilization

The forests are the most important element in the New Brunswick economy. There is a demand for improved conservation measures and for development of utilization of forest products. This latter point has been stressed in almost every quarter, and it is generally believed that the regional economy could be greatly strengthened if wood products were to be processed locally rather than shipped out of the Province as raw material to be manufactured elsewhere.

Suggestions made to the committee for development along this line range from simple secondary industries for producing clothes pins, axe handles and shooks, through the more elaborate field of furniture manufacturing, to the intricate and highly technical field of pulp mill by-product utilization and the realm of the various plastics.

2. Rural Electrification.

There is obviously a great need and demand for an extension of electric power service to the rural areas of the Province. It is interesting here to note that the Hon. Mr. Boucher who was a member of the committee and went everywhere with us is chairman of the Provincial Hydro Commission and able to give a great deal of interesting and useful information in respect to this matter. In every county there was keen interest displayed in the discussions pertaining to power, and the Committee has been urged to support the extension of existing services as a major reconstruction project.

Rural electrification ties in with the broad field of agriculture, and is an important element in any proposal for improving living and working conditions on the farm.

3. Agriculture

Agriculture is second to forestry in the regional economy, and agricultural problems have occupied an important place in the evidence gathered by the committee. The proposals made may be grouped into two broad categories. The first of these concerns methods of improving and increasing production, and improving processing facilities and techniques. Specific projects which have been proposed in various regions involve the construction of cheese factories, cold storage plants, canneries, abattoirs, dehydration plants, and a large-scale extension of the soil analysis program. Developments of this nature appear to be essential if agriculture as an industry is to progress.

The second type of proposal deals with markets and prices, with the stress placed upon the latter. From all quarters the committee has heard proposals involving a price policy that would guarantee the farmer his cost of production. It is argued that price ceilings are currently preventing the farmer from getting full benefit of the upswing of the business cycle, while there is no means to prevent his very substantial losses at the other end of the cycle. For years on

end the potato grower sold his crop at a loss, and it is claimed, with no little justification, that the present methods of protecting the consumer should be applied to protecting the producer when the need arises. The discrepancy between the farmer's income and income of other types of labour in the war period has repeatedly been called to the committee's attention. In short, the farm population believes that it deserves a share in the national income more in line with the risk, responsibility and labour put into farm operation.

4. *Fisheries*

Similar proposals have been made by the fishermen, with the accent placed on improved distribution facilities in the form of cold storage and processing plants, and a better return on the product.

5. *Public Works*

Proposals for public works projects fall into two groups. The first covers public buildings, including hospitals, schools, and administration buildings. The most urgent need is for school buildings and hospitals. There is a great shortage of hospital facilities, and any comprehensive public health program must start at this point. A similar condition exists in the field of education. Existing school facilities are hopelessly inadequate and obsolete. These, remember, are the conclusions based on the repeated assertions of people appearing before us.

The second group of public works projects embrace road and bridge, street, water and sewage projects. Since a considerable portion of our trunk highway system is still unpaved, this item is one of importance. Where railroad facilities do not exist, and much of our area is not reached by rail, or where rail facilities are meagre, communications depend upon highways. In a severe winter climate, with a long spring break-up period, paved roads are the only type of road usable for motor traffic for a considerable portion of the year. A large paving program may be considered, therefore, as a necessary reconstruction project.

6. *Education*

There is a universal demand in New Brunswick for improved educational facilities. Every community visited by the committee stressed the need for better plant and equipment so that improved educational opportunities can be offered. The present standard falls far below the Canadian average, and modern facilities are available to the urban people only—a minority of our population. The 1941 census classifies sixty-nine per cent of the population as rural. The Department of Education is preparing a report for our committee, which will include a detailed analysis of the needs of our educational system.

7. *Power Development and Flood Control*

Many suggestions have been made to the committee for the further development of hydro-electric power, the creation of water storage facilities, and flood control measures. The Saint John River area is particularly in need of a flood control program, and such a project ties in with the development of water storage for power development. There is a water power potential of major importance on the Saint John River, which, if developed, would provide sufficient power for any industrial development envisaged at present in the province. It is, however, a matter involving an international agreement, since much of the storage area lies in the State of Maine. The committee is of the opinion that the intimate relations which Canada now has with the United States provide an excellent opportunity for opening discussions regarding this project in the near future.

8. Mining.

The most important mining operation in New Brunswick is that at the Minto bituminous coal field. The industry operates close to the margin, and the area suffered intensely during the depression. Because of its properties, the coal is not very suitable for domestic purposes without processing. It is, however, suitable for industrial and railroad purposes, and is used exclusively by the New Brunswick Electric Power Commission to develop power in its steam turbine plant.

Means of improving the quality of the coal and broadening its market have been suggested to the committee. If it were processed by washing and selective screening it apparently would be suitable for domestic purposes, and a good local market could be obtained for it. The New Brunswick Advisory Board for Economic and Industrial Development has prepared an exhaustive report on the possibilities of coking Minto coal. It has been coked and the coke tests satisfactorily. It is a good economical fuel which would open new market for the coal.

9. Other Proposals.

The committee has received various other proposals, chiefly concerned with the specific and peculiar needs of a particular region. The matter of establishing a national park in the province for recreational purposes has been discussed, and the committee will incorporate a suggestion in respect of this in its final report.

Other specific proposals have included airports in several centres, the continuance and expansion of the shipbuilding industry, and reclamation of marsh lands through dyking and draining.

THE NEW BRUNSWICK ECONOMY.

The Premier has already touched on the nature of the New Brunswick economy. While it is unnecessary at this time to read into the record any detailed analysis of our regional economic structure, our position will be clarified if the Premier's general statement is amplified. We will indicate in broad outline the major characteristic of the economy, its long-run trend, the underlying causes of that trend, and its economic and social results. It will then be possible to appraise the post-war problem in its proper perspective, and to indicate the kind of program which we feel is necessary if reconstruction is to be achieved.

1. Major Characteristics.

The economy of New Brunswick, as already stated, is composed chiefly of primary industries based upon its natural resources, the chief of which are the forest and the land. In 1938, the last full year of peace, forestry and agriculture accounted for 50·4 per cent of the dollar value of all production in the Province. Although the war has increased the total volume of production in New Brunswick (there was an increase of 48 per cent from 1938 to 1941), there has been no significant change in the relative importance of forestry and agriculture. Together they accounted for 50·5 per cent of the total 1941 production.

Forestry, which is New Brunswick's most important industry in terms of dollar value of production, is relatively more important in New Brunswick than in any other province. In terms of new economic development it is natural to concentrate on such an important asset.

Built upon and around the primary raw material industries is a small group of specialized industries. There is a highly developed inter-relationship between these primary and secondary industries. The complementary and interdependent character of these industries results in a delicately balanced economy, dependent to a large extent upon a few specialized export staples which are extremely vulnerable to external conditions. The economy thus lacks diversification.

2. *The Long-Term Trend.*

For many years the economic trend in Canada has been towards concentration and centralization of industry in the central provinces. During this period the Maritime area has suffered a steady deterioration, temporarily relieved during the first world war, but accelerated in the post-war period. With the transfer of financial and managerial control to the central provinces, established industries in New Brunswick have gradually been shut down and new industrial development has been concentrated in the St. Lawrence-Great Lakes area.

There has, of course, been intensified exploitation of certain raw materials in New Brunswick, and a limited number of specialized industries connected therewith have been developed. The pulp and paper industry is the outstanding example. But the general trend has been one of moving processing industries out of the province. New Brunswick has accordingly become a heavy exporter of capital and labor to Ontario and Quebec.

3. *Causes of the Long-Term Trend.*

The underlying causes of the change in the economic structure are varied and complex. No attempt will be made at this time to present a comprehensive analysis of these forces which are natural, economic and political.

Obviously geography has had some effect in the development of the national economy. Proximity to raw materials, and consumer markets are factors which cannot be ignored in terms of industrial development. It is suggested, however, that these factors are not as important as they are often made out to be, and they can be overcome to a considerable extent through various means which will be considered later.

Far more important than mere consideration of geography is the agency of national policy, which may properly be called political.

Tariff policy has been a very important factor in strengthening the position of protected industries in relation to those which are unprotected. The movement towards industrial centralization has produced a monopolistic or semi-monopolistic group of large industries in the central provinces. National policy in the form of tariff protection has efficiently promoted this trend towards monopolistic control of the nation's manufacturing capacity.

When an industry achieves a monopolistic position for itself, tariff protection tends to encourage price rigidity in that industry. During depression periods industries in this favorable position are better able to maintain prices, thereby forcing the less protected industries, especially those producing for export markets, to carry a disproportionate share of the burden of readjustment.

Federal policy in the last depression was designed to maintain employment in the manufacturing industries by increasing restrictions on imports. The 1930-32 tariff revisions granted every major secondary industry sharp increases in tariff protection. The introduction of this policy was undoubtedly of immense importance to Canadian manufacturers, but its effect upon the New Brunswick, and other areas outside the central industrial belt was either ignored or considered unimportant. The higher duties resulted in a sudden increase in production costs in the export industries. Net incomes and the value of property in these industries were further reduced. Since many of the export industries are of a marginal character, this national policy for central Canada worked a discriminatory hardship on a region which is fundamentally dependent upon export industries.

The extent of the impact of the increased tariff rates upon the export industry may be measured by an analysis of changes in the price structure of domestic manufactured goods purchased by concerns engaged in producing export goods. From 1929 to 1933, a period of sharply falling world prices, the index of cost to purchasers of tariff protected manufactured goods rose from 100 to 143.

Closely connected with tariff policy is the field of international trade agreements. Canadian trade agreements have tended to concentrate upon the nationally important commodities, often paying little attention to items which are relatively important to a particular section of the country. Very often a comparatively small item in the foreign trade of the Dominion is vital to some area in the Maritime Provinces. For example, dried cod is of major importance to some areas in the Maritimes. Yet little effort was made in the 1935 Canadian-American trade negotiations either to obtain a reduction in the American tariff on this commodity or, at least, to have imports of Canadian cod placed on an equal footing with imports from other countries.

Monetary policy is also a vital factor in shaping the nature of the national and regional economies. We do not propose to go into detailed discussion of a highly technical field. It should be sufficient for our purposes to give a specific example of the effects of monetary policy upon our economy. The fact that the Canadian dollar was not allowed to depreciate as much as sterling from 1931 to 1933 brought additional pressure on the export industries when they were already in acute distress as a result of the collapse in world prices and the new Canadian tariff policy. The problem of dollar stabilization in the face of falling world prices was, of course, one of great magnitude. Orthodox economics, reflected in the views of business men and bankers had no place for currency manipulation, and the government had no machinery for effective implementation of such a policy even if it had been laid down. It was decided to allow the Canadian dollar to find its own level, which lay roughly half-way between the American dollar and sterling until the United States devaluation in 1933. During 1932 it was at a 22 per cent premium over sterling. The effect upon exports to the United Kingdom is obvious, and the New Brunswick export trade suffered accordingly, while the manufacturing industry, importing raw and semi-processed materials, was able to benefit from the anti-deflationary policy.

The combination of all the above circumstances has promoted a system of centralized industrial development which has resulted in a semi-monopolistic productive system. This system tends not only to be self-perpetuating because of its competitive advantages, but it accelerates the trend towards centralization and monopoly, and is directly responsible for the decline of certain of the regional economies.

New Brunswick is well aware of the technique of monopolistic competition. The monopolies have long practised price cutting and dumping in their efforts to control the market. Where such measures have not been effective, they have often been able to secure financial control of a small local industry, shut it down, and thus achieve their ends.

The strong competitive advantage of the monopolist has made it difficult for established concerns to stay in business, and has discouraged the creation of new enterprise. The economic advantage of large production units with low unit costs, of cheap and plentiful power, of favourable freight rates east, have played a dominant role in the determination of our regional economy. The further advantage of financial power has often enabled the great corporation to impose its will on both the producers and consumers in a given market. The textile, boot and shoe, the lighter iron and steel industries that were developing at the beginning of the century have been virtually wiped out. The survivors have been forced into the manufacture of high-grade specialty products on a relatively small output basis.

The present war has intensified the economic conditions, and their causes, which have just been discussed. National war production policy has accelerated the pre-war trend towards industrial centralization. War contracts have, naturally enough, been concentrated in the central provinces where plant and equipment stood ready for war production. But a vastly disproportionate amount of

the billion dollars in new facilities which the Government created for war production has been concentrated in Ontario and Quebec, pyramided upon the pre-war monopolies. The strong have been further strengthened, and the outlook for the small marginal operator is pessimistic.

4. *The Results*

The economic and social results of the strong trend towards industrial centralization have direct bearing on post-war planning. In fact, the post-war problem is intensified in many respects because of the nature of the regional economies of the nation. Much of New Brunswick is a chronically depressed area, with local industry operating on a marginal basis, and for the most part as small individual units.

The marginal position of so many of our producers has resulted in a heavy concentration of low income groups in the region with a very small number of persons in the higher income brackets. For many years the per capita income in the Maritime region has been consistently lower than that of any other part of Canada, with the exception of the 1931-34 depression period, when that of the Prairie region was slightly lower.

The outward movement of population, caused by the lack of employment opportunities in New Brunswick, has weighted the population on the side of the old and the very young. About one-half of the 1941 population was over 65 and under 20 years of age, compared with a national ratio of 44 per cent for these same age groups. This condition leaves the number of persons in the more productive age groups relatively lower than in other parts of the nation, and this in itself tends to lower the average income.

The nature of the regional economic structure places serious limitations upon the provincial and municipal tax base. Individual incomes are so low that personal income taxation cannot be expected to yield much revenue. So few of the industries produce surplus net earnings that direct taxation on net profits is not remunerative. Again, too much of New Brunswick's industry is in a marginal position to enable an increase in taxation on consumption and costs.

The limited financial resources of the province and its municipalities have resulted in a very low standard of social and welfare services in a community where there is particular need for them. With a large part of our people living at a subsistence level, there is greater than average need for social services. But because of this low income level and low tax-paying capacity, New Brunswick's social service standards fall far short of the average in Canada.

In short, New Brunswick has become the hewer of wood and the drawer of water for the national economy when and as the need arises, and at a financial return commensurate with such menial services.

5. *Remedial Proposals*

Our reconstruction aims, as stated by Premier McNair, are (1) employment within New Brunswick with reasonable returns for their labour for all of our people who are able and willing to work; (2) improved educational facilities and enlarged educational opportunities; and (3) social and welfare services comparable to those obtaining elsewhere in Canada.

This means a regional economy which would be in balance with the national economy at a level which would approximate full employment of labour and productive resources. It further implies a better distribution of income so that our per capita income will be more in line with the national per capita income. And it involves a large-scale developmental program for the region.

The program for effecting these aims falls into two broad categories, the first of which is concerned with long-run economic planning and the operation of projects which are of a permanent character. The other involves an emergency short-term program designed to act as an employment cushion in the transition period from a war to a peace economy. Each of these phases of the reconstruction problem will be discussed in turn.

LONG-TERM RECONSTRUCTION

The most important step to be taken in connection with long-term planning towards an improved New Brunswick economy is the further development of existing industry and the creation of new industry. Our primary industries should be developed more intensively and extensively. Secondary industries should be developed about these primary industries so that some of the raw material processing now done elsewhere can be done in the Province. It is our considered opinion that such a development is vital not only to the economic welfare of the Province, but perhaps to its economic survival.

The development of manufacturing industries in New Brunswick is in direct opposition to the long-term trend of concentrating manufacturing in the central provinces—a trend fostered by monopolies and government policy. Our proposal involves, therefore, a deliberate reversal of government policy and a curtailment of the monopolistic centralized production process.

By means of government policy the tendency towards monopolistic control of industry can be offset. The case for such a policy may be stated simply in terms of the general social and economic welfare of the nation. The continuation of a vast hinterland of economic starvation paying tithe to a small and extremely wealthy industrial area does not lead to national unity or to general economic and social welfare.

Since our long-run post-war projects have not yet been worked out in sufficient detail for discussion, the points which will now be covered are framed in general terms. The essential feature of the program is the conservation and development of our natural resources, including improved and expanded utilization, improved processing techniques and marketing. One of the most important aspects of the program is the development of new secondary industries.

The approach to the problem appears to be (a) taking an inventory of our resources and analysing the existing methods used in their exploitation; (b) compiling information regarding processing and utilization techniques in use and being developed outside the province; and (c) preparing a program making use of the best available information concerning the various fields of enterprise suited to New Brunswick natural resources.

In the field of agriculture there is need for a comprehensive program of soil surveys and land classification. In forestry it will be necessary to have complete forest surveys, to develop plans for opening inaccessible forest lands, and to investigate fully the whole field of wood utilization. Similar projects must be implemented in the fields of mining and fishing.

This constitutes real economic planning. It is properly a function not of industry but of government. A program of this kind involves a heavy initial outlay of funds which would not be borne, for example, by our farmers and fishermen. Moreover its success or failure depends to a large extent upon government policy, and it cuts across both federal and provincial jurisdiction.

We propose a program which would include, among other things, the following features: (a) the creation of facilities by the provincial government to survey the natural resources of the Province, compile existing information regarding new utilization of raw materials, new production techniques and processes, to engage in research in this connection, and to provide industry with technical and scientific information relative to its operation;

(b) the creation of credit facilities by which new industry could finance its undertakings. Government policy should make it possible for industry to borrow capital at a rate of interest in the vicinity of 2 per cent. Arrangements could also be made for government guarantee of business indebtedness when considered desirable;

(c) provision for capital assistance to new industry in fields requiring a large amount of fixed capital;

(d) the extension of short-term tax concessions to new enterprise. This proposal is directed particularly to the field of corporation and business income taxation, and excess profits taxation;

(e) the formulation of tariff and monetary policy which attaches proper weight to the needs of the various regional economies.

(f) an aggressive foreign trade policy designed to secure world markets for our goods. Canada's Mutual Aid program is undoubtedly creating good will for us in the Empire and other countries. The program is placing Canadian goods all over the world, and post-war trade policy should follow up this development in order to retain markets which have developed out of the war;

(g) the enactment and enforcement of the kind of combine and trust legislation necessary to curb unfair or destructive monopolistic competition.

Emergency Program

Considered separately from the long-term planning program is an emergency program which will be an immediate post-war requirement. It will be necessary to engage in a series of public projects for the purpose of providing employment for an undetermined period of time during which private enterprise readjusts itself to peace-time conditions. Many of the emergency projects which we have under consideration are tied in with our long-term program, and are fundamental to it. This is true particularly of school and hospital construction, which is so essential to improved welfare services.

Several points arise in connection with any emergency program. It is necessary to decide upon its nature and extent. Other important elements are the matter of timing the program, its cost, and the method of financing it.

All public projects should be so designed as to increase the nation's capital assets, and enhance our economic welfare. Studies are currently underway concerning a broad program of public projects which has this end in view. In the program are public works projects, including the construction of necessary hospitals and other public buildings, and road and bridge construction. Various forestry projects are under consideration, with a view to conservation, opening new country, and reforesting cut-over land. A study is also being made of the dyking and draining of marsh lands, flood control measures, an extension of rural electrification, surveying and mapping requirements.

Projects of this kind, if properly planned, can be used to provide employment when it is needed. We have not, at this time, sufficient information to indicate the extent of such a program in New Brunswick. The problem is now being studied in terms of the number of persons likely to need employment, and the necessary time interval over which it will be needed. This is being related to proposed projects which would do much towards improving New Brunswick's economic condition. It is, of course, necessary to have the details of all projects prepared in advance on a regional basis. And this detail is now being worked out in terms of cost, raw materials, labour and duration of the project. It is our intent that the program will be finalized and ready for implementation when the need for it arises.

Once a program has been decided upon, the important point is its timing. Various predictions are being made as to the probable sequence of events after the war is concluded. If the historical pattern is repeated, there will be an interval of post-war boom, caused by the accumulation of consumer purchasing power. If such a boom period develops, it would provide a breathing spell in which industry could reconver from war to peace production. The stresses and strains of the transition period would perhaps be eased to some extent.

It does not follow, however, that such a general theory could be applied to the New Brunswick economy. A post-war consumer spending spree would not have the effect in New Brunswick which it would have in the Central Provinces. New Brunswick is not, generally speaking, a producer of consumer's

goods, especially those of a durable nature. When war workers are laid off and servicemen demobilized, there is no great consumer's goods industry in which they can be absorbed. The idea of reverting to the pre-war condition of unemployment is intolerable.

This points to the necessity of having a positive program designed so that it can be thrown into operation immediately the need arises. It is assumed, furthermore, that the need will arise immediately upon cancellation of war contracts. The pattern is likely to be one of immediate need, which will be accelerated as troops are demobilized and as New Brunswick war workers in other provinces return to their homes.

Such a program for immediate rehabilitation of service men and war workers must involve public projects in New Brunswick of sufficient size and duration to provide interim employment over the period in which local industry adjusts itself to new conditions, whatever they may be.

The point to be stressed is the urgency of the matter. The operational and financial details must be worked out in the immediate future. While the size and cost of this emergency program have not yet been determined, it is certain that the cost will be substantially more than can be borne by the Province and its municipal subdivisions.

The financial position of New Brunswick has already been referred to by the Premier. To us it is obvious that there will have to be heavy expenditures of federal funds in the immediate post-war period, supplementing provincial and municipal expenditures. It should be pointed out in this connection that municipal and other local groups who have appeared before our Committee have stressed the point that much of the local program planning depends upon knowing the amount of money that will be available. Engineering detail work is expensive, and while our municipalities know what they would like to do, and know how far they can go towards financing it, they are naturally hesitant about laying out considerable sums of money on detail work for programs which would be impossible to carry through without financial assistance, and without any knowledge of how much, if any, assistance they might expect.

It would, therefore, be extremely useful if federal and provincial authorities could meet at an early date to discuss the whole matter of financial arrangements.

Our post-war planning may be summarized by saying that we are developing a master plan for short and long-run rehabilitation and reconstruction in the Province. We are working with full appreciation of the fact that our provincial plan must be an integral part of a national plan.

Our municipalities are working closely with us, and are preparing their own plans to be fitted into the overall provincial picture.

The Province and its municipalities would be assisted materially if they were to have a closer understanding of the financial arrangements which the federal government has in mind.

Mr. Chairman and Members of the Committee, I want to remind you again that this report is a report based on impressions obtained by this committee as a result of a tour made over a period of two or three months, and as a result of representations made to it during the past twelve months. It is not a finished report and it is not one which has been presented to the Provincial Government for their study and consideration but because it was felt desirable to have this presentation to you, sir, and the members of your committee at this time, the Premier felt that it might be of some interest and of some use to you if we presented it as an interim report, giving you information, and not the views of the Provincial Government. Thank you, sir.

The CHAIRMAN: I can assure both Mr. McNair and Doctor MacKenzie that the submissions you have made to us will be very useful and very helpful to this committee in the work that lies before it. It is now half past five. We might get half an hour of questioning in if it is satisfactory to the Committee. Are there any questions to be directed to the Premier or to Doctor MacKenzie on any of the matters submitted, or any other matters relating to the work of our committee. There are some interesting suggestions in that report. If there are no questions developing from that I should be rather surprised, knowing the committee as I do. If there are no questions now possibly the committee would like to adjourn at this moment and deal with these matters at ten o'clock in the morning. Is that the wish of the committee?

Mr. QUELCH: I think it would be better to wait until ten o'clock to-morrow morning.

The CHAIRMAN: All right; we will adjourn now.

Mr. BRUNELLE: Is there anybody else to appear before the committee to-morrow morning?

The CHAIRMAN: No; we have had our last witnesses now. Mr. McNair and his party are the last witnesses to appear before the committee, and when we are through with them all that is left is for us to get together and discuss the report that we shall make.

Hon. Mr. MCNAIR: May I say a word, Mr. Chairman? Anticipating there might be some questions directed to us we had taken pains to prepare some data bearing upon such matters as the production in our province and a breakdown as between our major industries, referring to forestry and agriculture. Also anticipating somebody might question the view I advanced that we were really in no position to bear any substantial part of what is generally understood is going to be necessary in a post-war program of works I prepared some data showing our debt position and also the position of our municipalities and other matters of that kind. Unfortunately we mislaid our memorandum and we have not got it with us. Now, if it is anticipated that there will be any information of that nature required and there may be other questions that we can answer at the moment it might be well for me to say we have asked to have a copy sent to us and it will be here on the first train to-morrow noon. If there is any other work to be done at ten to-morrow we can come back at noon and be prepared to give the information that the members of the committee may want. If that is not satisfactory we will be here at ten if it suits your convenience and do the best we can if your questions are not too complicated.

The CHAIRMAN: Mr. MacMillan can perhaps give you a little advice on that to-night. I have no doubt however that you can answer any questions put to you, and if there is any further information you want to give us we can wait until you receive it. I do know that since it looks as though to-morrow will be the last day this committee will be sitting, many of the members would like to make certain that everything is through in time so that they can get away to-morrow. Unfortunately I have to stay another day or two to clean up; therefore it does not affect me so much. What is the desire of the committee? It was suggested to me a little earlier, providing we were not imposing too much on Premier McNair and his group, that we might sit to-night as well as to-morrow morning. Now, I am in the hands of the committee. What is your wish? You know your feelings about getting away as well as I. I am in the hands of the committee. If you wish to adjourn now until to-morrow morning that is all right with me.

Mr. CASTLEDEN: I would suggest we adjourn now until ten o'clock to-morrow morning.

Mr. MCNAIR: We will meet your convenience.

The committee adjourned at 5.40 to meet to-morrow at 10 o'clock a.m.

APPENDIX A

SUMMARY OF RECOMMENDATIONS

INTERIM REPORT—PART I

Returned men and displaced war workers (See Report Page 18)

1. That final demobilization be effected by an orderly and gradual process, with continuation of service pay and allowances until reasonable assurance is evident of satisfactory employment being available.
2. That close contact and cooperation be arranged between the responsible departments of the Federal and Provincial Governments, so both may have a complete knowledge of the number of men to be discharged from time to time and of the opportunities available for their placement in the Province.
3. That the Employment Service of the Unemployment Insurance Commission give special consideration to "disabled men" wherever the qualifications are equal for a given position, and that the Commission be asked to give consideration to the appointment of special officers whose duties would be to care specifically for the placement of handicapped ex-servicemen.
4. That the Merchant Navy be classed as ex-servicemen in regard to benefits of Rehabilitation, and receive the same or similar benefits as ex-servicemen.
5. That the benefits allowed by the Dominion Government to ex-service persons to complete their interrupted University Courses, be extended to those ex-service persons whose high school education was interrupted by enlistment to permit completion of their high school education.
6. That all employers in the Province be urged to adopt the policy followed by the Government of British Columbia, to include among their employees a percentage of ex-servicemen.

Vocational training (See Report Page 26)

1. That in order to more evenly distribute to all sections of our population the training facilities provided for under the War Emergency Programme and the benefits contained under the provisions of the "Vocational Training Co-ordination Act" early consideration be given to the establishment of Training Centres in centres of population in the Interior of the Province which are considered by the Director of Training to be in the best location to benefit the greatest number of persons who wish to take advantage of the training provided for under the said Act.

That wherever practicable military buildings be used for vocational training.

2. That the same pay and dependents allowances as were paid during active service be continued to discharged persons during vocational training and until the opportunity of suitable employment has been made available.
3. That the costs for the Vocational Training of all those released from War Industries be chargeable to the Dominion.
4. That in conjunction with the Vocational Training organization there be a department of Placement for disabled persons.
5. That Vocational Training be made available to incapacitated residents of the Province.

6. That Vocational Training be extended to those disabled in industry and the costs be chargeable to Workmen's Compensation funds.

7. That the entire system of Vocational Training be under one organization throughout the Province.

8. That for the purpose of training persons for farming and giving refresher courses in agricultural pursuits, agricultural training centres be established in the Province; that the Provincial Government enter into negotiations with the Dominion authorities with a view to establishing such schools, and at the same time arrangements be made to utilize fully the advantages of the Dominion Experimental Farms.

9. That the Agricultural Department of the University of British Columbia be expanded to provide for the training of more instructors and technicians, and for providing refresher courses in Agriculture.

Vocational training—Fur farming and trapping (See Report Page 38)

That the Vocational Training Advisory Council appointed under the "Vocational Training Co-ordination Act 1942" include fur-farming as "Vocational Training" under Clause (c) of Section 2, of the said Act. That under Clause (b) of Section 3, of the said Act, the Minister of Labour of Canada, and under Section 4, the said Minister and the Province of British Columbia, undertake the project of establishing a "Demonstration and Training Fur-Farm" in British Columbia where prospective fur-farmers among returned men and others can be trained by fur-farming experts and where those who are already engaged in this business throughout the Province, may obtain advice and assistance.

Such a fur-farm should also make available training facilities for returned men and others who desire to become trappers, or guides for hunting parties.

Civilian technical corps (See Report Page 40)

That the Dominion Government be requested to give consideration to the organization and maintenance of a Civilian Technical Corps in connection with plans for demobilization.

That qualified members of the Forces with aircraft, engineering, and technical training be granted, upon demobilization, an opportunity to enrol in the Civilian Technical Corps for employment in their respective professions or trades, at prevailing rates of remuneration.

That members of the Civilian Technical Corps in mobile units be directed to such public projects as aerial and ground surveys for topographical mapping, land clearance with power equipment, new hydraulic development for power, irrigation, river control and soil erosion, forest and park conservation, expansion of civil aviation and meteorological facilities, and field research work.

That suitable equipment, surplus to military requirements at the end of hostilities, be made available for the purposes of the Civilian Technical Corps.

INTERIM REPORT PART II SECTION 1—BASIC INDUSTRIES

Forests and parks (See Report Page 53)

1. That the Federal Government be requested to advise the Provincial Government as early as possible of the scope of plans it proposes to effect and the time of inauguration of the same in the Province of British Columbia under Section 3 (1) (d) of the "Vocational Training Co-ordination Act, 1942" providing for:—

—to fit persons for employment for any purpose contributing to the conservation or development of the natural resources vested in the Crown in the right of Canada.

So that this Province may know the extent and period of such employment, the number of returned men who will be engaged therein and of the kind of improvements that will be undertaken in connection with the natural resources of Canada within this Province, and with particular reference to the National Parks.

2. That an agreement be made as early as possible between the Federal and Provincial Governments, as provided under Section 4 (1) (c) of the "Vocational Training Co-ordination Act, 1942", providing for financial assistance for:—

—any vocational training project for the conservation or development of the natural resources vested in the Crown in the right of the Province.

So that this Province may know the extent and period of such employment, the number of persons who may be engaged therein, and the kind of improvements that may be undertaken in connection therewith, and with particular reference to the conservation and development of the forests and parks of the Province of British Columbia.

3. That the Provincial Government undertake a comprehensive program of development of the Provincial Parks of British Columbia which shall include:—

A systematic plan for the construction of surfaced roads connecting the provincial parks with the arterial highways;

The construction of roads and trails within the parks for tourist and fire protection purposes;

The selection and development of sites for the establishment of resorts, lodges and camps that will be appropriate to the landscape and public convenience;

The development and control of mineral springs and health waters;

The co-ordination of the above with an extensive program of Tree Planting and new Forest Nurseries in the Province to ensure the maximum of all round the year employment to ex-service men.

4. That, in order adequately to protect the forests, which by their conservation and ultimate use will return far more to the Province than the expense incurred, and as a useful measure of employment, particularly for ex-service men, a substantial increase in the personnel of the Forest Service be provided.

5. That the Forest Branch establish illustration stations at suitable locations throughout the Province for the purpose of demonstrating to farmers and others the methods of planting and growing trees for what is called "wood-lot farming." The Council is of the opinion that the cost of such demonstration would repay the Province many times over in the course of time in the production of useful timber and profitable employment to farmers.

6. That financial support be given by the Dominion by way of low interest loans to ex-service men to establish themselves in small businesses such as any of the service trades or callings and in fur farming, trapping, lodges and resorts, and other small enterprises.

Mining (See Report Page 76)

1. That as a preliminary to a larger enterprise in the post-war period, the Government of British Columbia encourage and if necessary initiate the development of a "Scrap Steel Industry" immediately;

That the "Act respecting bounties on Iron and Steel", Chapter 26. R.S.B.C., 1936, be amended to set out clearly therein that bounties shall be paid to a steel industry using scrap.

2. That the Government of British Columbia should enter into negotiations with the Federal Government in regard to securing subventions to a steel industry in British Columbia, on a similar scale to those granted to the steel industries in other parts of Canada.

3. That the Government of British Columbia undertake the active promotion of a steel industry in British Columbia.

That the necessary authority be sought from the Legislature as early as possible to empower the Government to establish a steel industry by direct investment, or to render such financial assistance as may be deemed advisable, or by way of special grant either jointly with the Federal Government or otherwise, in addition to the bounties provided within the existing statute.

4. That a greater co-ordination be secured between the University of British Columbia, the Federal and Provincial Departments of Mining, and with the mining industry in mineral research. That both the Provincial and Federal Governments grant special financial aid to the University of British Columbia to extend its facilities for research into the mineral resources of this Province.

5. That the Provincial and Federal Governments enter into a joint program of building mining roads and trails as a rehabilitation and reconstruction measure.

6. That a complete Topographic Map of British Columbia be made in such scale as will cover and portray the situation regarding mining, forestry, soil surveys, highways and waterways.

7. That air photography and mapping be undertaken in connection with ground surveys of the Province.

8. That complete Geological Surveys be made of the Province.

9. That such work be undertaken so as to utilize the planes, aerial photographic and other equipment available after the war, and to find useful employment for the discharged men trained in the use of such equipment.

10. That the Vocational Training Advisory Council appointed under the "Vocational Training Co-ordination Act, 1942" include "Training for Miners and Prospectors" as Vocational Training under Clause (c) of Section II of the said Act. That under Clause (b) of Section III of the said Act, the Minister of Labour of Canada, undertake a project, or projects, establishing Mining and Prospecting Training Centres in British Columbia where men discharged from the Active Forces and others may receive a course of training to fit them as prospectors or for employment in the Mining Industry in the Province, or elsewhere.

11. That the Mining Industry be urged to give preference in employment to returned men and others who have taken the training as indicated above and who seek to gain further experience in actual mining to fit them to become skilled miners.

12. That a system of "grub-staking" trained prospectors be developed by the Government to provide for:—

(a) Grub-staking of individual prospectors who are approved by the engineers of the Mining Department, or of some responsible organization or authority;

(b) Grub-staking of a group of trained prospectors who agree to a co-operative plan of prospecting which has been approved by the members thereof and by the Department of Mines.

Mining—Petroleum and Natural Gas (See Report Page 97)

That continued plans be considered for the orderly development, conservation and production of petroleum in this Province.

That, in view of the possibilities of development of the Graham Island Oil Shale area, and in consideration of the reserve now placed on the area in the National interest; as early as possible after the war, a thorough investigation should be made into the possibilities of the development of oil from the shales said to exist on Graham Island.

Agriculture and Land Settlement (See Report, Page 103)

Land Settlement—Veterans.

1. That to ensure the success of settlement under the Veterans' Land Act, the agricultural policies of the Dominion be first reviewed at an inter-provincial conference comprised of representatives of the Provincial and Federal Governments, agriculture, industry, and labour, to plan measures designed to adjust depressing factors in agriculture and the relation of agricultural production to domestic consumption and export.

2. That in agreements under Section 35 of the Veterans' Land Act, consideration be given to the development in approved areas of unimproved lands suitable for settlement, by clearing and cultivating approximately forty acres on each farm in mixed farming districts, erecting suitable buildings and fences; that the cost of such development be provided by the Director of the Veterans' Land Act in the same way as is provided for the purchase of a farm; that the same rebate of one-third of such costs be allowed the veteran acquiring a farm from the Director, and that live-stock and equipment be advanced the veteran seller on loan as provided under Section 9 (c) of the Act.

Further, that in such development as may be undertaken as outlined above, land clearing be undertaken on a reasonably large area so that machinery, equipment and the skilled services of discharged war veterans may be used to the best advantage under the direction of experienced technical men.

3. That unimproved Crown lands be made available to the Director of the Veterans' Land Act without cost if such lands are to be developed under the Veterans' Land Act.

That the province should take the initiative to formulate an agreement as quickly as possible with the Dominion Government under the Veterans' Land Act, as provided in Section 35, to make available for settlement provincially-owned lands in promising areas of the province that have been selected and have been, or are to be, soil surveyed in defined areas where adequate transportation, educational and marketing facilities are available.

That the rebate allowed to veterans of the last war of \$500 from the regular price of lands under the Land Settlement Board, be allowed the Director of the Veterans' Land Act on the purchase of any such lands required for the settlement of war veterans under that Act.

4. That in any agreement made under Section 35 of the Veterans' Land Act, endeavour be made to arrange that organized co-operative farming societies of veterans shall receive the benefits provided in Section 9 of the said Act, in like manner as is applicable to individual veterans acquiring farms.

5. That no fruit lands should be settled upon by veterans under the Veterans' Land Act, or under any Dominion-Provincial agreement under Section 35 of the said Act, unless such lands have been planted and can be expected to be in a productive condition within a reasonable period.

6. That pending soil surveys of lands in Land Settlement areas, lists be compiled of all lands within such areas, giving the owner's name and noting such land as "improved" or "unimproved" and such other useful information as

is available, for the purpose of advising the Director of the Veterans' Land Act in particular and others of available lands in the proposed Land Settlement areas of this Province.

That a special list be compiled by Municipalities of lands near to Municipal centres of population suitable for small holdings, on the lines of and for the purposes indicated above.

Crown Lands:

7. That a departmental consolidation be effected in the control and administration of all Provincially owned Lands suitable for land settlement.

Parity Prices:

8. That the Dominion Government give early consideration to a national policy of planned production and controlled marketing designed to provide the farmer with a stable market and guaranteed fair prices by the establishment of minimum and maximum prices for farm products, in regional areas of the Dominion, based upon a parity equivalent to the purchasing power of agricultural products with respect to those commodities necessary to be purchased by the farmers.

That failing such action by the Dominion Government, the Provincial Government give consideration to similar measures on a provincial basis.

Taxation:

9. That consideration be given to preparing and initiating a system of taxation for education, in rural areas particularly, that will—

- (a) relieve the present differentiation between the mill rate of one school district and another and establish a uniform and reasonable mill rate in all rural school districts;
- (b) transfer the current costs of education from local rural school areas to the revenues of the Province as a whole.

Application to British Columbia of Prairie Farm Rehabilitation Act

10. That the "Prairie Farm Rehabilitation Act, 1935" should be made applicable to the province of British Columbia in order that land settlement areas may be developed in this province by clearing, irrigation, conservation and provision of water, reclamation, resettlement, or, as is required for the purpose of land settlement by veterans and others.

Agriculture and Land Settlement—General (See Report Page 114)

Defined Areas:

1. That all Crown lands in the Province be withdrawn from pre-emption, lease or sale for agricultural purposes, excepting in such areas as have been soil surveyed or where information is already on hand as to soil conditions, and where transportation, schools, other facilities and services are available.

2. That in such regions throughout the Province as there are land areas suitable for settlement, the Government institute a policy of defining such areas as Land Settlement Areas.

3. That Land Settlement Areas be defined only in regions where transportation facilities, schools, community centres and the amenities of life are available or can be expected in a reasonable period.

4. That a limited area surrounding existing villages and communities be declared Land Settlement Areas, pending the opportunity for acquiring fuller information, such as soil surveys, etc., when such areas may be extended or restricted, and to avoid retarding development in such communities.

5. That settlement be permitted only in defined Land Settlement Areas.

Soil Surveys:

6. That in such defined Land Settlement areas examination shall be made of the land therein as to soil conditions pending more thorough soil surveys and only those lands which appear suitable for agricultural purposes shall be disposed of for settlement.

7. That the program of soil surveys conducted jointly by the Dominion and Provincial Governments, be extended and accelerated particularly in those areas considered suitable for the settlement of veterans.

Land Reserves:

8. That Crown lands within such Land Settlement Areas as appear unsuitable for agriculture, be reserved from settlement, and be held for timber growth or for use as community centres, parks, recreation, school or other purposes as the Government deems advisable.

Land Clearing:

9. That where lands in Land Settlement Areas require clearing, the Government undertake to clear approximately forty (40) acres in each plot in mixed farming districts and such other amount of acreage as appears suitable to meet the requirements in other districts, by the use of suitable machinery, equipment and technical aid. An experiment under skilled supervision in this kind of clearing might well be undertaken first to acquire knowledge of the most efficient methods to be followed.

10. That the cost of such clearing and preliminary development be not wholly charged to the price of the land, but that approximately one-third of such cost be recognized as a public investment in the creation of new potentially wealth producing areas, and as a useful means of short term employment during the post-war period.

11. That where land clearing and development as above outlined is not undertaken in Land Settlement Areas, there be made a money grant for each acre cleared and brought under cultivation after the inauguration of a comprehensive land settlement policy and flexible enough to meet the requirements of varied types of farming in this Province.

Farm Loan Board:

12. That the Federal Farm Loan Board extend its loaning facilities to settlers to provide capital for buildings, fences, stock and equipment at low interest rates, with amortized repayments over twenty (20) years or more.

Regional Development:

13. That the road program, educational, social welfare and other services be co-ordinated with the development of all Land Settlement Areas, and with a comprehensive plan of regional development.

Technical personal—Department of Agriculture:

14. That the number of technical and district agriculturists be increased and more technically trained advisers be employed to advise farmers and settlers on all matters appertaining to the soil, production and marketing of suitable crops for their respective regions.

Fitness of Settler:

15. That before any settler is permitted to take up land in any Land Settlement Area as outlined herein, he shall prove to the satisfaction of the administrating authority his fitness by experience or adaptability for settling on the particular land he seeks.

Bulb Culture:

That every effort should be made to encourage the establishment and expansion of bulb production as a permanent industry in the lower Fraser Valley and on Vancouver Island.

That bulb production should be encouraged in proven districts, or other recommended areas, in order to permit growing, buying and selling on a community and co-operative basis.

Fisheries (See Report Page 152)

1. Expansion of research to acquire scientific facts on which regulations should be based to permit only that portion of the species to be taken which is not required to perpetuate its kind, thus assuring a continuance of the species.

2. A forestry policy in British Columbia which will protect the watersheds of the various salmon-spawning streams from a too rapid run-off by leaving sufficient ground cover.

3. That in the development of dams for power, irrigation or other purposes, and in regard to all obstructions in streams, safeguards should be provided for the protection of migrating fish; and wherever water diversions are made proper safeguards should be provided against the loss of young salmon.

4. Enforcement of the laws providing for the safeguarding of salmon and other fish from the effects of pollution.

5. That investigation be made of the feasibility of the establishment of a hydrogenation plant in the province.

6. That co-operatives among fishermen be encouraged.

INTERIM REPORT PART II, SECTION 2—INDUSTRIAL DEVELOPMENT**New Industries—Fibre Flax (See Report Page 183)**

1. That in view of the promising possibilities for development and expansion of the Fibre Flax industry and its special importance to the agricultural, manufacturing and fisheries industries of this Province, the Government should if it appears necessary continue its policy of extending loans to the Farmers' Co-operatives undertaking the production of Fibre Flax.

2. That the Government undertake investigations into the possibilities of establishing the Linen Industry in British Columbia.

New Industries (See Report Page 189)

That in view of the information already available as indicated showing the possibilities of profitable employment in the production of medicinal herbs and plants;

- (1) Special attention be given by the University of British Columbia, the Provincial Agricultural Department, and the Dominion Experimental Farms to the production of medicinal herbs and plants.
- (2) That consideration be given to establishing Illustration Stations to demonstrate and encourage the production of medicinal plants and herbs;
- (3) That an Advisory Board be formed representing the University of British Columbia, the Department of Agriculture and interested business firms to consider and encourage research into the possibilities of producing and marketing medicinal plants and herbs;

And in co-operation with the Department of Trade and Industry endeavour to promote the establishment of a manufacturing drug industry in this Province.

Loans and Subsidies to Secondary Industries in the Smaller Towns (See Report Page 201)

That in order to assist the establishment of secondary industries in the smaller towns of the Province; to create employment; provide markets and marketing facilities to farmers and to assist materially the development of latent resources in the areas contiguous to such towns; the Government of Canada, or failing which, the Government of the Province of British Columbia, should give consideration to legislation making effective the establishment and operation of such industries including co-operatives, either by loans at low rates of interest, or by subsidy, where local conditions are found to be suitable, following the most thorough inquiry into the merits of any proposal for such industries as may be submitted.

Loans to Industry (See Report Page 202)

That "Government Loans at low interest" be made available through a system of Federal Government financial aid under proper safeguards:—

For the purpose of assisting Industry in promptly and efficiently re-organizing and accelerating the re-employment of former employees;

For increasing employment by the expansion of existing Industries;

For the development of New Industries;

For plant and equipment;

For the conversion of War Industries to peacetime purposes.

Such financial aid should be accessible to all bona fide business firms whether corporate, private or co-operative.

(Mr. H. E. Winch, Mr. C. G. MacNeil and Mrs. G. Steeves did not concur in the foregoing recommendation.)

Company Towns (See Report Page 203)

That in order to advance opportunity and permit ex-service men and others to establish themselves in business, "Company Towns" in this Province should be opened to private enterprises;

That wherever conditions exist in Company Towns restricting the establishment of business, cultural, religious and other institutions, and the free movement of citizens, such restrictions should be abolished.

That legislation should be enacted to make such communities fully available to employees of the industry concerned and others and to permit them to build and own houses, to purchase land to enable the establishment of private, co-operative and other enterprises—not necessarily owned or controlled by the Company or owners of Company Town—for purposes of trading and the general conduct of legitimate business; in order that Company Towns shall be on the same footing as other communities in this Province and fully open to the self-government, enterprises, residence, and enjoyment of the people.

Development of Natural Resources (See Report Page 204)

That with respect to privately controlled areas, where natural resources are held under lease or private ownership and are not being developed and where there is a need for the development of such natural resources, and whenever such development is economically feasible, the Government of the Province of British Columbia should order the development of these natural resources within a reasonable period. Following the issuance of such an order, if the lease holders or private owners fail to carry out the order, the Government shall take such steps as may be expedient to bring about necessary action for the development of the said natural resources.

That appropriate legislation be introduced to give such power as is necessary to make the above proposal effective.

Market Extension (See Report Page 205)

1. That the Government of British Columbia maintain close contact with the Government of Canada in regard to the post-war trading policies of the United Nations and the relation of such policies to the export trade of this Province.
2. That the Government of British Columbia, through its appropriate departments and in co-operation with the Government of Canada, and with the producers in this Province, expand its efforts to find new markets for our exportable surpluses.
3. That, as it is impossible to control price levels in world markets and thus guarantee a reasonable return on products exported, the Government of Canada should be requested to maintain in the post-war period a system of guaranteed price-levels for primary products.

Transportation (See Report Page 216)

(1) That the Provincial Government confer with the Federal Government as to the extension of the Pacific Great Eastern Railway to the Peace River District, and of it being considered by the Federal Government as part of a planned railway policy and as a project that will aid in the employment of many returned men and others in its construction; in the opening up of many new opportunities in the country traversed and connected by rail facilities, such as new communities, development of resources and general expansion, and therefore meriting generous financial assistance as being a useful measure of reconstruction and rehabilitation. Further, that conferences be held with the Federal Government of Canada and the United States as to utilizing the Pacific Great Eastern Railway in extensions that will connect Alaska, Yukon and Peace River areas with the Pacific Coast at Vancouver, and the United States of America.

Failing any satisfactory arrangements being made with the Federal Governments of Canada and United States, this Council believes the Provincial Government should undertake the extension of the Pacific Great Eastern Railway to the Peace River as a post-war development measure, and believes this extension would directly or indirectly return the investment made and prove a valuable contribution towards rehabilitation.

That the Government of British Columbia institute appropriate action for a review of the Railway Rate Structure in British Columbia, believing that the existing rate schedules retard the employment of many of our citizens both in agriculture and industry; and that the Provincial Government urge upon the Dominion Government the necessity for the establishment of a national transportation policy dealing with the movement of freight on railways, highways and airways for the purpose of fostering planned industrial and agricultural development in all parts of the Dominion.

Water and Power (See Report Page 220)

1. That provision should be made for the collection of more complete hydraulic data including the following:—
 - (a) To improve information regarding precipitation, more observation stations and stations at higher levels are required; observations of rainfall intensity and determination of the water content of snow is necessary.
 - (b) Systematic observations of evaporation from snow and ice as well as water surfaces are required.
 - (c) Investigation of ground water fluctuations in both developed and undeveloped areas is necessary.

- (d) A comprehensive examination of the quality of the waters of the province for industrial and domestic uses should be made.
 - (e) More complete stream flow records are required.
2. That the inventory of available water power now being carried on by the Water Rights Branch should be continued and expedited.
3. That a complete program of river control under the direction of the Water Rights Branch of the Department of Lands be established for such river systems as it may seem desirable; such program to include:
- (a) The building of storage dams to control flood waters, regulate the flow of water and make greater use of water power.
 - (b) The improvement of river banks and clearing of log jams.
 - (c) Regulation of the logging of watersheds in co-operation with the Forest Branch.
 - (d) Reclamation of wet lands.
 - (e) Provision of irrigation.
 - (f) Extension of navigation.
4. That powers be given to a new or existing Ministry or to the Public Utilities Commission or to a body to be set up similar to the Ontario Hydro-Electric Commission, to develop the maximum generation of electric power for industrial purposes and the promotion of rural electrification in the Province; such development to be consistent with flood control, navigation, protection of fish, the proper use of marginal lands and to be carefully correlated to the powers and operations of the Water Rights Branch.
- That preparatory to the above, thorough investigation be made to secure the necessary engineering data and plans so the development may proceed with dispatch in the post-war period.
5. That provision be made for grants-in-aid up to fifty per cent of the initial capital cost of distribution lines and equipment of approved rural electrical distribution systems.
6. That provision be made for advances up to \$1,000 to actual farm owners of land and premises in rural power districts for the installation of electrical wiring and the purchase of equipment, such loans to be repayable within a reasonable period with interest.
7. That the Dominion Government be asked to extend its policy of making loans at low rates of interest to municipalities for the installation, extension or replacement of domestic water and sewerage systems.
8. That provision be made to secure a central source of water supply in farming communities and that for this purpose the Government undertake the well drilling required. And further, that well drilling machines and skilled operators be provided by the Government to undertake well drilling for farmers; the cost to be apportioned on a fifty-fifty basis between the Province and the farmers concerned.

Public Works (See Report Page 258)

- 1. That complete programs of public works within their respective jurisdictions be worked out by the Dominion, Provincial and Municipal Governments.
- 2. That alternative lists of projects be prepared according to size of project, types and locations of skilled and unskilled labour involved, materials needed, rapidity of commencement and flexibility of termination.

3. That budgetary appropriations be made by the respective governments to permit preparation of complete engineering plans and specifications for the most important projects.

4. That the proportion of expenditure to be borne by Dominion, Provincial and Municipal Governments should be agreed upon in advance for approved lists of public works.

Research (See Report Page 264)

1. That a Research Council be appointed for the Province of British Columbia, comprised of technical experts from the Provincial Government Departments, Federal Government Departments with branches in British Columbia, the University of British Columbia, and industry.

2. That in co-operation with the Dominion Government and the National Research Council steps be taken to make available for such Council the necessary staff and facilities for research work specifically relating to British Columbia resources.

3. That there be referred to such Council for early report as to commercial possibilities the following matters:—

- (a) The manufacture of plastics utilizing forest, mine, and agricultural by-products and the relation of low-cost energy to such manufacture.
- (b) The production of light alloys from British Columbia ores.
- (c) The manufacture of drugs from herbs, plants and trees indigenous to British Columbia.
- (d) The manufacture of chemicals basic to industry with the use of low-cost electric power.
- (e) The use of diatomaceous earth, pottery and other clays.
- (f) The extraction of fish oils for industrial and medicinal purposes.
- (g) The analysis of the health properties of mineral springs in British Columbia.
- (h) The industrial processes based on soya bean cultivation.
- (i) Technical problems in the conversion of war industry.

Regional Planning (See Report Page 267)

1. That the Provincial Government undertake the defining of regional areas in the Province for the purposes indicated above, and for planning the maximum development of the several economic areas of the Province;

2. That the Town Planning Act, 1925, be amended to make the power for Town Planning obligatory upon all municipal councils;

3. That the closest co-ordination be arranged between the Federal, Provincial and Municipal Governments;

4. That a Department of Planning and Reconstruction be established;

5. That the said Department have power and authority to:—

- (a) Undertake regional planning;
- (b) Secure from all Departments of the Provincial Government all information available and the fullest cooperation in the institution of the necessary research and investigations required;
- (c) Co-ordinate all enquiries, investigations and reports of all Government Departments for the purposes of planning policies of post-war development;
- (d) Co-ordinate the post-war projects of municipal authorities and to co-operate with municipalities in regard thereto;

- (e) Co-operate closely with the Federal Committee on Reconstruction in undertaking such investigations as are required and considered necessary with the object of avoiding duplication and overlapping by the respective Governments; to effect a liaison between the Federal and Provincial Governments for the purpose of co-ordinating all activities affecting subjects of post-war reconstruction and rehabilitation; to prepare agreements; to examine possibilities of conversion of war industries, decentralization of industries and general planning in British Columbia in relation to Canada;
- (f) Co-operate with the Federal and Municipal Governments in arranging their respective financial responsibilities for public works; the classification of all proposed works in regard to ratio of costs in whole or in part to be borne respectively by the three Governments, and the proper timing of and the priority of such works so they provide the maximum of employment at the required time and place;
- (g) Authorize and institute scientific and technical research into possibilities of further development of our natural and other resources.

Dominion-Provincial Relations and Social Security (See Report Page 274)

This Council recommends a conference be arranged between the Dominion and Provincial Governments for the purposes outlined.

Nutrition (See Report Page 314)

That there be established the closest co-operation between the Provincial Board of Health and the Federal Department of Health towards developing a national policy for the improvement of the nutrition standards of the Canadian people; such a policy to include the provision of hot lunches or milk in all the public schools, for the benefit of the children; and that a nationwide nutrition program be integrated with the agricultural industry to ensure adequate production and equitable distribution of essential foodstuffs.

DOMINION-PROVINCIAL RELATIONS

In the studies of the matters on which it is ordered to report and make recommendations, the Council realizes that in almost all these subjects the relations of the Dominion Government to the Provincial Government are implicated.

No rehabilitation and reconstruction policy satisfactory to meet the anticipated requirements of post-war conditions can be undertaken by this Province alone. The Dominion Government is now exercising authority and power over many policies that have been considered within the jurisdiction of the Province prior to the war. The ability of the Province to properly plan on its own initiative for post-war conditions is limited until there is a clarification and declaration of the responsibilities and functions of the respective governments for the post-war period, and which should be made before the war ends. This Council having made a preliminary survey of some of the matters set out in the Post-War Rehabilitation Act, has already arrived at the following barriers which need to be overcome before recommendations and methods of applying the same in policies can be made in more detail:—

1. As previously indicated, there is now a possibility of the enquiries undertaken by the British Columbia Post-War Rehabilitation Council duplicating and overlapping similar enquiries by the Dominion Reconstruction Committee. An arrangement should be made as early as possible to unify and co-ordinate all such enquiries regarding post-war problems.

2. Certain responsibilities that are National in scope but which at present remain within the power of the Provinces should be reconsidered. Subjects that were under review by the Royal Commission on Dominion-Provincial Relations, (Sirois) should be re-opened *before the end of the war*, so that the Province and the Dominion can know the responsibilities each will have to bear, and be in a position to consider plans and policies. Complementary to matters referred to in the said report on Dominion-Provincial Relations, are further matters, some of which have been considered by this Council and which have a direct bearing on Post-war Rehabilitation.

3. The subjects of finance, money and credit, and their relation to the part of the Province in meeting post-war conditions, must be considered by this Council if rational recommendations can be made. Municipalities at first hesitated to submit their post-war projects to this Council without securing some information as to the financial and credit facilities, and as to the share in whole, or in part, the Dominion or Provincial or Municipal Governments would assume.

While there is nothing in the Act directly referring to finance, this Council is impelled by a realistic knowledge of the financial condition of Municipalities and of the Province to refer to this subject.

It is our opinion that no municipality should be expected to finance alone works that are chiefly to aid in Rehabilitation. The employment of returned men and those discharged from war industries is essentially a National responsibility, as such persons will have been discharged from National duties and war works.

As to Municipalities particularly, (though it is applicable to the Province) only financial ruin can face them ultimately if they are encouraged or expected to plunge into heavy debt for expensive improvements, merely to provide work. Nor should they be competing with each other, with the Dominion and Provincial Governments, and with industries, on the investment market and thereby be compelled to pay higher interest than is warranted for such capital expenditures as are necessary.

The credit and monetary system should not be allowed to add to the post-war problems of Provincial and Municipal Governments, the public expenditures of which will assume an important part in the expanding economy necessary to sustain the National income in the post-war period.

It is therefore evident to this Council that a clear understanding should be arrived at as regards the financial arrangements that can be made by the Province and the Municipalities with the Dominion Government for post-war projects. This would include arrangements as previously indicated as to the ratio of costs of public works to be borne by the Dominion, Provincial and Municipal Governments, and the classification of such works as to the ratio of merit they bear towards financial assistance.

Among other matters affecting financial arrangements with the Dominion are:—

Grants and Credit in aid to the Province and to Municipalities for post-war projects;

Credits and finances for conversion or expansion of industries and for new industries;

Controls and their maintenance, relaxation or extension over materials, prices, labour, production, profits, investments, rationing, etc.;

Public Works;

Education;

Vocational Training;

Land Settlement;

Immigration;

Social Security.

Social Security

A comprehensive plan of social security that will "abolish want" is one of the most essential requirements of any post-war rehabilitation plan. While no direct reference was made in the Act to the subject, the Council has interpreted Clause (p. . .) of Section 6, to cover this subject:—

Generally to make investigation of the possibilities of economic and industrial development in the Province of British Columbia with a view to making recommendations as to market extension, industrial expansion, increase of employment, and for any other purpose calculated to promote the re-establishment of returned men and of persons displaced by the cessation of war industries.

In the opinion of this Council, the time is ripe now for preliminary discussions between the Provincial and Federal Governments as to the responsibility therefor. The Council does not think it appropriate to recommend a comprehensive social security scheme for the Province and to be undertaken by the Province, until every effort has been made to learn the amount of social security that may be undertaken by the Dominion Government. A national scheme of social security applicable to all Canadians would undoubtedly aid to build up a united Canadian spirit. It would provide for unification of administration and apply to all Provinces. The Council believes that a comprehensive social security plan and the discussions relating thereto should include and consider the following:—

Labour:

- Unemployment Insurance expansion;
- National Code of Fair Wages;
- Holidays with pay;
- Hours of labour;
- Collective bargaining;
- Minimum wage;
- Equal pay for equal work.

Health:

- Hospitalization;
- Medical, dental treatment;
- Sickness benefits;
- Disability benefits;
- Nutrition.

Pensions:

- Increased Old Age Pensions;
- Retirement Pensions to both men and women;
- Blind benefits;
- Unemployment pensions;
- Mother's and Widows pensions.

General:

- Family allowances;
- Maternity grants;
- Funeral grants;
- Marriage grants;
- Vocational training benefits;
- Educational aids;
- Housing.

It is assumed, of course, that in any agreement resulting from conference that the existing minimum standards in British Columbia would remain unimpaired and the rights of the Province to expand those standards be maintained.

THIS COUNCIL RECOMMENDS:

That a conference be arranged between the Dominion and Provincial Governments for the purposes outlined.

***Co-Operatives* (See Report Page 311)**

That further education in co-operative principles through economic co-operation be encouraged by adult education.

***Housing* (See Report Page 280)**

1. That the Provincial Government appoint a Provincial Planning and Housing Authority to determine and plan an urban and rural development program and undertake the following duties:—

- (a) The establishment of regional planning and housing authorities.
 - (b) The co-ordination of construction plans in all regions to ensure uniform advance for the entire province and economy in administration and use of material.
 - (c) The stimulation of the use of mass production methods where possible as in the construction of pre-fabricated houses.
 - (d) Supervision of the allocation of funds among various regions and the administration of loans to individuals.
2. That enabling legislation be enacted to permit the establishment of regional planning and housing authorities in those areas able and willing to take advantage of such legislation.
3. That the Federal Government be requested to grant subsidies or loans to municipalities prepared to engage in plans for municipal development in conjunction with housing construction.

4. That the Federal Government be requested to call an interprovincial conference at an early date to prepare recommendations dealing with necessary revision of the National Housing Act and the Home Improvement Act to accomplish the following purposes:—

- (a) The administration of loans by a public agency to individuals in communities and in income groups not served by lending institutions.
- (b) The extension of loans to rural districts.
- (c) Public subsidies for low-cost, low-rental housing projects.
- (d) Substantial aid to municipalities in adjustment of taxation and land acquisition difficulties.
- (e) Uniform and satisfactory adjustment in respect of provincial government guarantees and legislation.
- (f) Loans to co-operative building societies.
- (g) Extension of the provisions of the Home Improvement Act with special reference to the needs of rural districts and with easier terms.
- (h) More adequate provision for architectural and functional advice in designing plans for houses, with special provision for advice from experienced women.

***Apprenticeship* (See Report Page 303)**

1. That apprenticeship policy should be planned in accordance with a long term scheme of providing skilled artisans and technicians to fit into the industrial future of this Province. To this end cognizance should be taken of the natural resources of the Province and the opportunity afforded of their fullest development, commencing with the raw materials and continuing through further stages of manufacture.

2. That a reasonable minimum apprenticeship subsistence allowance be established by regulation.

3. That educational aid as an adjunct to learnership be recognized and where possible the technical schools should be brought into fullest use, and where technical schools are not available correspondence courses should be arranged in conjunction with actual shop work.

Education (See Report Page 285)

1. That an immediate survey be made of the needs of post-war education in this Province, on the basis of the general outlines of the foregoing report, and that such a survey take into consideration the probable influx of new population into this Province after the war and the need to develop skills for new industry and agricultural development, as outlined in other sections of this Report; and that an estimate of the probable costs of the post-war plans for education be drawn up.

2. In view of the fact that adequate school-buildings must be provided, before any new educational program can begin to function, that a survey be made of school building needs and a plan drawn up for such a building program, in order that there may be the least possible delay in providing accommodation for new schooling needs. It is recommended that in such a building program particular attention be paid to the construction of adequate rural schools, in order that pleasant and spacious rural community schools may replace present structures, many of which are now unsightly, unsanitary and out-of-date.

3. That a survey be made of teacher needs, particularly for the new types of specialized and vocational teaching; and that plans for more extensive teacher-training be formulated.

4. That a study be made of the constitutional aspect of Dominion grants to education.

5. That the school-leaving age be set at 16 and a system of compulsory part-time education to age 18 be introduced.

SESSION 1943

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

(RECONSTRUCTION AND RE-ESTABLISHMENT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 36

FRIDAY, DECEMBER 3, 1943

WITNESSES:

Hon. J. B. McNair, K.C., Premier of New Brunswick;
Hon. J. G. Boucher, Minister without portfolio, N.B.;
Dr. J. R. Petrie, Secretary, Reconstruction Committee, N.B.;
Dr. N. A. MacKenzie, Chairman, Reconstruction Committee, N.B.

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MINUTES OF PROCEEDINGS

FRIDAY, December 3, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10 o'clock a.m. Mr. J. G. Turgeon, the Chairman, presided.

The following members were present:—Messrs. Authier, Bence, Bertrand (*Prescott*), Black (*Cumberland*), Brunelle, Castleden, Eudes, Ferron, Gillis, Hill, MacKenzie (*Neepawa*), McDonald (*Pontiac*), McKinnon (*Kenora-Rainy River*), Marshall, Matthews, Poirier, Purdy, Quelch, Ross (*Calgary East*), Ross (*Middlesex East*), Sanderson, Turgeon, Tustin and White.—24.

Hon. J. B. McNair, K.C., Premier of New Brunswick, was recalled and examined. The following delegates were also called and examined:—

Hon. J. G. Boucher,

Dr. J. R. Petrie,

Dr. N. A. M. MacKenzie.

The Chairman thanked the witnesses and Premier McNair expressed appreciation of the opportunity of presenting their views and assured the Committee of their continued collaboration.

The witnesses retired and the Committee continued the sitting *in camera*.

On motion of Mr. Matthews it was

RESOLVED:—

That the staff employed by resolution of the Committee adopted on November 23, be notified that their services will terminate on the following dates:—

December 4, 1943—All stenographers except the supervisor, Miss V. A. Barton;

December 7, 1943—Miss V. A. Barton;

December 6, 1943—J. P. Doyle, Clerk of the Committee; J. Howe and N. Price, Reporters, and C. Sabourin, M. Gardner and A. Kellett, dictaphone operators.

After discussion it was agreed that each member should write to the Chairman expressing his views respecting a report to the House, and the Chairman, after considering same would prepare a draft report.

Mr. Black and Mr. Authier thanked the Chairman for the manner in which he had conducted the proceedings of the Committee, and particularly for the précis of the evidence which he prepared for the members of the Committee.

On motion of Mr. Hill the Committee adjourned at 11.45 a.m. to meet again Monday, January 24, 1944, at 10 o'clock, a.m., to consider the draft report.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

December 3, 1943.

The Special Committee on Reconstruction and Re-establishment met this day at 10 o'clock a.m. The Chairman, Mr. J. G. Turgeon, presided.

The CHAIRMAN: We have all heard the interesting briefs read to us yesterday by Premier McNair and Dr. MacKenzie. The meeting is now open for questions or comments.

Hon. J. B. McNAIR, Premier and Attorney-General, Province of New Brunswick, *recalled*.

Mr. HILL: Mr. Chairman, I think perhaps last evening the committee was waiting for me to take the lead as I come from New Brunswick. I listened with a great deal of interest to the general brief which has been prepared. The Premier and Dr. MacKenzie both explained to the committee this was just a tentative report based on their investigation throughout the province, and that a detailed report on what it was proposed that the province would do and what it was proposed to ask of the dominion government would be presented to the committee at a later date. Looking this over carefully I feel that our detailed questioning should be delayed until such time as we get the detailed report which will be submitted by the Premier to the committee after the session commences.

If you will pardon me I want to take up a little of the time of the committee explaining my opinion on the situation regarding New Brunswick. In discussions with a number of Members of Parliament, members of this committee, I have always had the feeling that perhaps the position of the maritimes was not exactly understood by members from other parts of Canada. I think that this really has something to do with a post-war reconstruction committee in that I should like to get into the minds of the committee the position of New Brunswick and the maritimes so that they will be able to give careful consideration to the deliberations of this committee and understand why they may be making exceptional requests for support from the central authority, and also in discussions in the House of Commons and outside in the country.

I have to go back into a little ancient history if it does take a little time. At the start of confederation the maritime provinces were the most prosperous part of Canada. There was a reason for that. They were engaged in agriculture, lumbering and fishing industries which are their largest industries to-day. They had very fine markets for their produce. They were shipping by water the year around to the New England states, West Indies, Cuba, South America, and to the British Isles. During the summer months when the St. Lawrence was free of ice they were doing some trading with Montreal although, because their products were similar to those produced in upper Canada, this trade did not amount to very much, but they were very prosperous and they were financially in the black at all times.

They made a tremendous sacrifice going into confederation. Immediately on confederation this market to the south was cut off. There was a little expansion of the market to Britain but they could not reach any markets in upper Canada. There was no means of communication except, as I said, for a few months in the summer. A rail connection was built by the north shore—

if you will look at the map you will see it—of New Brunswick so as to connect with upper Canada. This passed through the thinly settled portion of New Brunswick. The population was centred in the southern and western part around Saint John. This railway, therefore, did not give these people a connection with upper Canada.

Later the C.P.R. built a line. They had to go right through the state of Maine, and it was subject at any time to be cut off in case of a dispute with that country. As tariffs were built up conditions in the maritimes became still worse. If you look at the map you will find that at the time of confederation the Americans had an interest in what was called the Northwest Territories which had enormous natural resources which could be developed and would lend themselves to giving greatly increased revenues to the Dominion of Canada, but the Dominion of Canada central government found it impossible to develop those territories themselves as a government so they later gave them to the other provinces. If you will look at the province of Quebec you will see it formerly just occupied the portion south of the St. Lawrence and a little to the north. It now extends straight through to the Arctic ocean with untold wealth in water power, minerals and lumber undeveloped. The same holds true of Ontario. That was extended through to Hudson Bay, with untold wealth in lumber and minerals which has since been developed. In Saskatchewan and Manitoba the extension to the Arctic circle gave them a lot of water power and mineral wealth. Saskatchewan was not so favourably located but Alberta and British Columbia received exceptional natural resources, British Columbia in mines and in forest wealth.

If you look at New Brunswick and the maritimes you will find that there was no possibility of extending their boundaries beyond what they were at that time. That country was fairly well developed. Once your lumber industry is developed in New Brunswick as it is now to a maximum it cannot be increased, and there is no possibility of the expansion of the cutting of lumber in that province beyond what it is to-day. Therefore there are no further resources in that direction.

Coming to the agricultural problem, if we can find a market for agricultural products I still claim that we could make a very large development. It is noted that New Brunswick potatoes are very fine potatoes, and if we could find a market there is still room for a large development along that line. Let me say this to you: New Brunswick went to the trouble of finding a large market for seed potatoes in Cuba. It was a prosperous trade and a very profitable one. When the Imperial trade agreement went through in 1932 that was cut off just like that because they made an agreement to take sugar from the British West Indies. Immediately Cuba put up a high tariff against the importation of potatoes from New Brunswick and dealt with the United States, got seed potatoes and shipped sugar there under agreement. That is something that we could not prevent and in the interests of confederation we had to accept the sacrifice we had to make. No alternative market was found by the federal government with the result that our potato production had to go down. Therefore you will find that this province along with the province of Nova Scotia is in a position where their boundaries cannot be extended, no further development of lands can be created, and no further revenue can be obtained. They have got to depend exactly on what they have and that is all they can depend on. If they are going into the development, as was pointed out here in the lumber industry, of special lines of production and forest products it is more or less experimental work and they cannot afford to use their revenues in that line. It must to some extent be supplemented by assistance from the federal government. If they are going into extension of agriculture they must be assured of a market.

Personally I am not quite as pessimistic as I think the Premier and Dr. MacKenzie were as to the prospects of New Brunswick. I think we have an ample chance for development, increased population and increased industry, if we receive proper support from the central government. In agriculture, as I said, we still have lands on which we can very largely increase the output of potatoes. We have lands on which we can largely increase our output of beef cattle providing we can find a market. At the present time there is no market there. You heard the Premier of Nova Scotia tell you that there was no abattoir there. We have one in Moncton, the Swift Company, but it is so far away that nobody can reach it in my area. The only other way we can do is to ship to Montreal, a distance of 400 miles or more, which kills the profit on the beef. If we can have established throughout the province a certain number of well located smaller abattoirs, we can develop a beef industry. The Premier of New Brunswick will agree with that.

As to the fishing industry, I am one who feels that a tremendous development can be made in that industry in New Brunswick with proper support from the central government. I have in mind, for instance, an industry in my own county that cans sardines. Fifteen years ago that industry had a production of \$400,000 and employed about 100 people. To-day it has a production of \$3,500,000 and employs 800 people. How was that brought about? It was brought about by a private company taking a risk on the capital to build up an export business which might at any moment be shut off and, in fact, was shut off to the extent of \$1,000,000 in 1932 when Britain went off the gold standard. Those are risks they have to take, and they have no assurance that the central government will do much to alleviate those risks if they should happen. Here was an industry that was developed by going out into the markets of the world and getting an export market. In fact, this industry exports to more foreign countries than any other industry in Canada. At one time it was exporting to 140 different countries in the world. The industry is prosperous. Whether it will remain so I do not know. I believe there are other branches of the fishing industry that can be developed but they must have support and some assurance by the central government that trade agreements will not be made that will interfere with them after they are developed, or if they are interfered with, other markets will be found for the products or perhaps a subsidy or some other means provided so that they can compete in the foreign market.

I am trying to get this over to all members so that you will see the position that New Brunswick and the maritime provinces are in. When they say to you that they must have more help than the other provinces in post-war rehabilitation I think it should receive very sympathetic consideration when you realize they have no means of expanding their revenues and no means of expanding their industrial production. They are limited to the size of the little provinces you see without any chance of expansion such as Quebec and Ontario have in the north country.

I am one of those that rather deprecate the feeling which seems to run between the different provinces. I look on this confederation as a confederation of the provinces for the good of the whole country. I think we are right in saying that industrialists in a certain section of central Canada have not taken this attitude in the past, but that does not mean that the people in those provinces are not taking that attitude. I feel that after the war is over we have got to have the very greatest of collaboration in Canada among all the provinces as a whole to build up this country as a whole, collaboration with other countries in the world, because I think all of us realize that this whole world is going to be left in an unholy mess and that it will take years to build up and rejuvenate and change to a sound economic world. Therefore, the first thing to do if we believe in Canada is to give very careful consideration to

the problems of each of these provinces and attempt to alleviate these areas and build Canada up as a whole on a sound economic structure. I want the consideration of every member of this committee. To come down to a few questions I think our questions should be general because this is a general brief and the answers should be more or less general. As I said before, we can go into the details when the details are presented to us.

By Mr. Hill:

Q. I should like to ask the Premier if it is not a fact that your forest production has been up to practically 100 per cent of the cut for a number of years past, and that there is not very much chance of extension of production of forest products outside of what is presented in this brief, specialized work in wood products? Is that a fact?—A. I have heard it stated by those whom we should assume have the knowledge that we have been over-cutting. I think so far as production is concerned we cannot extend our cutting operations. There is this to it, however, that you might get more products to the mills and the plants with the elimination of waste.

Q. That is, your rough wood might be made into more valuable products?—A. It often strikes me that we in Canada in that respect are the most wasteful people in the world so far as that resource is concerned in the way that we conduct our operations, but that would be a matter of saving waste.

Q. The development of the forest lands for the rehabilitation of our soldiers and people coming back to the province as you suggest in this brief by improved cutting, improving your forest lands, running roads through them for fire protection and so forth, will be a matter that should be left until this detailed brief is presented and we can get that because we cannot get any details as to how many that will employ and what the cost will be until we have that detailed brief, so I am not going to touch on that. In agriculture do you agree that we could very greatly increase our production of potatoes, that there is still land available for cultivation that would produce potatoes and valuable farm crops, provided a market could be found, a stabilized market?—A. I think there is no question about that. Our main potato belt, as you know, is up the Saint John river. The soil there lends itself admirably to potato growing but there are several sections which have not been developed to the same extent. Even in the potato belt there is room for expansion. It may be of interest to you to know that we have harvested this year the largest potato crop in our history. I think that is true. The estimated production is 8,000,000 barrels. You can see that represents a large cash crop.

By Mr. Castleden:

Q. What did the farmer receive for that per barrel?—A. Of course, his price is subject to the ceiling, and that varies according to the amount. I think the ceiling for No. 1 table stock potatoes was around \$2.25 or \$2.30 at the beginning of the season. I think the price has been up to \$2.50. I do not speak with any attempt at exactness but that is my idea.

Q. How would that compare with the price in 1935 and 1936?—A. In the spring of 1935—

Q. I mean the fall of the year?—A. That is away above the price in those years.

Q. What was the price then?—A. I do not remember the price in the fall of 1935. I remember in the spring of 1935 there was a large surplus of potatoes in the farmers' hands. They could not give them away and they were selling for 10 cents and 20 cents a barrel, but that was an unusually abnormal condition. In those years it was felt that if a farmer could get a dollar in the field he was doing well, but he was not doing that in the fall of the year.

Q. I was just thinking that if peace-time conditions do not make it

profitable for him to grow potatoes, if he has got to sell them at 10 cents or 20 cents a barrel, there is no good in continuing expansion?—A. Of course, we have it definitely in our mind that something should be brought about so that the farmer will have a fair price.

Mr. HILL: There will be a request to stabilize the price at a price which will enable the farmer to produce.

By Mr. Castleden:

Q. What is your suggestion with regard to putting into effect some machinery such as that, a government board purchasing all products, or something like that?—A. I would hesitate to make any concrete suggestion. It seems to me fundamental that the farmer must get his price by one means or another which gives him a return for his labour on the capital invested. Otherwise we cannot carry on at all.

Q. This committee is looking for suggestions and some ways and means of doing this very thing, which is fundamental to the agricultural industry and other industries across the dominion.

Mr. HILL: I suggest that would come in the next brief.

Mr. CASTLEDEN: It is the same question we run against in every province where under peace-time conditions the farmer gets practically nothing for his labour, 20 cents a barrel for potatoes in the east and in the west 6 cents a bushel for barley and a cent a pound for beef. Until we solve that problem we are not going to get anywhere.

Mr. HILL: I suggest that they make a recommendation in their detailed brief.

The WITNESS: It is fundamental that something be done in that regard, but I should not like to make a concrete suggestion here now but we will probably have one in our detailed brief.

By Mr. Bertrand:

Q. Are your potatoes sold in Canada or outside?—A. The bulk of our crop is sold in Canada at the present time. We have export outlets. I might say, touching upon the point brought out by Mr. Hill, that we, after we lost the Cuban market, beginning in 1935, developed a fairly substantial market in South America, in the Argentine and Uruguay and other countries in South America. In one year it ran to a fairly substantial proportion, along in 1937 I think about upwards of about a million crates. It was a very important market, but that was in seed potatoes. You will understand that that market now is not open to us to the same extent, not because it would not absorb our potatoes but because we could not get shipping facilities, particularly last year. When I inquired in recent weeks into the situation I found that so far as we may be able to obtain bottoms this year, at least, the obtaining of bottoms will be improved and we are going to sell some potatoes to the South American market. We will ship potatoes to Cuba, but not in any substantial quantity. I think the balance of our crop—Mr. Hill, perhaps you would know this better than I—is marketed in Canada.

Q. Generally speaking you rely in part on domestic consumption and in part on the export trade?—A. That is true.

Q. I am wondering if it would be difficult for you to give us the amount used in both places in the last five or ten years, so that if we are going to subsidize we will know just where we are going and how much we will have to subsidize to maintain the price on any quantity?—A. I am sure that information can be readily obtained.

Q. In sending more details in your next presentation probably you might include that.—A. We have in mind that our Reconstruction Committee will be

preparing a detailed submission for the government later on and I think that it might be furnished to you for your assistance here.

Q. Mr. Hill was speaking of the production of agriculture a moment ago and suggested there should be more abattoirs in your province. That suggestion was somewhat along the line of Mr. MacMillan's suggestion yesterday. Do you think that you could serve the local needs or the needs for local consumption of beef in your own province without going to Montreal if you had additional abattoirs?—A. I think we could serve it more fully.

Q. Could you serve it completely? By saying "More fully" you indicate that you would still rely on an outside market?—A. One would be entering into the field of prophecy if he said it could or could not be done. I am saying this, that the lack of abattoirs has reflected very adversely upon our farmers so far as beef production is concerned. The beef they do produce is not subject to inspection. It has to be sold wherever we can sell it, and it cannot compete with our western beef for that reason. I feel, and I am reflecting the views of others who know better, that with the proper system of abattoirs the position of the farmers so far as beef production is concerned would be greatly improved. We have the plant referred to by Mr. Hill located at Moncton. Only recently Saint John undertook to establish a municipal abattoir. They were to get assistance from the government, I presume, under the Cold Storage Act. I believe the question of priorities had been disposed of because there was a recognition of the urgent need of the establishment there of that project. But it has been held up, I think, by court injunction. Those who opposed it raised the question of the legality of the action of council proceeding at this time. I believe the court has granted an injunction that they had no legislative authority to proceed. At our last session of the legislature the city of Fredericton obtained legislation to permit them to establish a municipal abattoir. I believe that will be proceeded with in time, but not just at the moment. Therefore the situation is improving some, but that does not meet the full need of the province. To repeat, I feel the establishment of abattoirs is vital if we are going to develop the production of beef cattle and other farm products.

Mr. HILL: I believe we can meet our needs outside of a few special places.

By Mr. Bertrand:

Q. Has your province ever been in touch with the large packing houses to find out if they were interested in establishing abattoirs there?—A. One of the large packing houses, Swifts, has a plant at Moncton.

Q. Outside of that one, which, I understand, is a long way from certain of your agricultural districts that you had to ship some of your beef to Montreal and then have it shipped back. Have you ever asked if they were interested, or has the government asked them?

Mr. HILL: These private companies will not come in unless they are assured of a supply of meat.

The WITNESS: I do not know of any approach in recent years to any of them.

Mr. HILL: It is a question of whether the chicken or the egg comes first.

By Mr. McDonald (Pontiac):

Q. You referred a while ago to somebody taking an injunction against the proposed abattoir at Saint John. Were these local individuals? What was the idea of taking the injunction?—A. Well, I believe that the action was taken on behalf of the rural section of the County of Saint John. The farmers themselves seemed to have a fear that if abattoirs are established and government inspection of their meats is put into effect they would not have the chance

to dispose of their produce in the old-fashioned way they like and without inspection. I think it is a short-sighted view but that prejudice does exist.

Q. They are standing in their own light?—A. Yes, that is my own view, but that is what entered into the picture there. At any rate, the whole thing is held up for the time being. I anticipate at the next session of the legislature the city of Saint John will see legislative authority to proceed. Apparently they did not have it or it is thought they did not have it. The injunction stands at the present time.

By Mr. Hill:

Q. You feel there is a chance for an extension of the agricultural industry with proper support. That brings us, I think, to the question of rural electrification and improvement of the living conditions in our farming district, if we are going to anticipate any increased production and increased population in the farming districts. I may say this to the committee, in my opinion, a number of our returned men will be immediately absorbed back on our farms because there are no young men on the farms in New Brunswick at the present time. They have all enlisted. Even though they had the opportunity to be exempted they would not ask for exemption because they wanted to get into the army. They felt it was their duty to get in the army and go overseas and they enlisted. When these young men come back they will be re-established on the farms in many cases. At the same time I should like to hear something of the government's intention on rural electrification. I think Mr. Boucher is the minister who has that responsibility and I should like to hear from him.—A. Yes, we are fortunate in having here the Chairman of the New Brunswick Power Commission, who has served on the Reconstruction Committee. I am glad he is here and I am sure he will be able to give you a picture of what the province is going to do in so far as electrification is concerned.

Hon. Mr. BOUCHER: Mr. Chairman, it is very impressive to one to find out through a tour made around the province in the rural sections that rural electrification was the first request made by our farmers as a post-war measure for rehabilitation. Naturally that was to be expected because our rural population is only about 30 per cent served by this important commodity at this time. The Commission has under study quite an extensive undertaking of rural electrification after the war not only for the purpose of giving employment but more especially as a measure of rehabilitation. As was mentioned here a few minutes ago, if you want to get our young people, men and women in the armed forces as well as in war industries back on the farm we must make the farm as attractive to them as they found the cities and towns during their stay with the army or with the war industries. This problem is under study at the present time and a complete report will be prepared and submitted to the provincial reconstruction committee in due course. It will mean quite a large undertaking because at the present time as I said, about 30 per cent of our rural population have electrical facilities. When I say "rural" I include necessarily cities and small towns as well. It is not confined only to farmers. As far as rural electrification is concerned we feel that our present sources of power, although they are not the most economical, could supply enough power but if industry requires large blocks of power we are very limited in that. The largest sources of water power are already exploited. Those which are economically sound are largely exploited by private industry. The Commission has only about 10 per cent of the hydro or water power, 10 per cent of the total capacity of the present water power development. The rest is steam power development which is down at Grand Lake in the Minto coal area, using soft coal to produce steam and then power. Unfortunately we

are not as favoured in New Brunswick as our other sister provinces, as we have no large potential sources of power in sight. The largest one was on the Saint John river at Grand Falls. It was put under private ownership some twenty years ago and which, according to facts submitted not long ago, has been only able to develop half of its capacity due to the lack of storage. There is no doubt that this situation could be improved if we had storage dams built at the head of the Saint John river. But unfortunately there again these storage dams would have to be built in the State of Maine or in the Province of Quebec. Only 10 per cent of the storage that we could establish on the Saint John river would be in New Brunswick. Therefore we are up against provincial difficulties and more especially international difficulties. Nevertheless I think the project is under consideration at this time and something will have to be done about it.

Now, I do not know that I can add any more to what I have said at the present time. I might be able to answer a few questions if they are not too difficult.

Mr. McDONALD (*Pontiac*): Speaking of the water power so far as the province of Quebec is concerned and the Saint John river reservoir, some years ago representatives of the New Brunswick government appeared before the Quebec Legislature in regard to that project. Did you not get the necessary information?

Mr. HILL: Storage on the Temiscouata lake, was it not?

Hon. Mr. BOUCHER: Yes, that was it. The request to the Quebec Legislature was made by the New Brunswick government who were contemplating at the time the development of the Grand Falls by public ownership. In the meantime an election came on and the people apparently did not feel that we should undertake such a big project under public ownership and they defeated the government. A new government came in and the whole thing fell under the direction of private enterprise.

Mr. McDONALD (*Pontiac*): Following up that question with regard to private ownership, do the owners own the power outright or have they a lease on it?

Hon. Mr. BOUCHER: On the Saint John river?

Mr. McDONALD (*Pontiac*): Is that your policy in New Brunswick?

Hon. Mr. BOUCHER: I did not get the point.

Mr. McDONALD (*Pontiac*): Are the water powers ceded or is there a lease obtained by way of letters patent for a consideration and the ownership entirely vested in private owners?

Hon. Mr. BOUCHER: So far as Grand Falls is concerned, yes, on the Saint John river, so much so that—

Mr. McDONALD (*Pontiac*): I understand that formerly in the province of Quebec you could buy a water power, get letters patent and you became the owner of that power as you would the land. In recent years Quebec changed that policy and gave leases over a period of years as embodied in the agreement.

Hon. Mr. BOUCHER: As far as Grand Falls is concerned on the Saint John river that is actually what took place at that time.

Mr. McDONALD (*Pontiac*): It is absolutely owned by private parties?

Hon. Mr. BOUCHER: So far as the future is concerned the power act provides only for leases. The Commission has full control of water development at the present time and can even expropriate.

Mr. McDONALD (*Pontiac*): You are now referring to powers not already ceded; is that it?

Hon. Mr. BOUCHER: No, it goes further than that.

Mr. McDONALD (*Pontiac*): Those that have not been sold. Coming back again to the question of Quebec, where the power has been sold, unless the government expropriates it it remains in the hands of the private company. The future policy is one of granting leases. Is your's the same?

Hon. Mr. BOUCHER: Yes.

Mr. CASTLEDEN: Is there a shortage of power resources? Have they all the power they want for use in New Brunswick or is some of the power from the Grand Falls transported into Maine?

Hon. Mr. BOUCHER: No, all the power developed at Grand Falls is used in New Brunswick or in Canada. There is none exported. There is a war development on the Aroostook river. The power is developed in Canada by an American firm and most of it is exported for use in the state of Maine, but some of it is coming back to Canada for limited local extension.

Mr. McDONALD (*Pontiac*): Who owns the power at Grand Falls?

Hon. Mr. BOUCHER: Gatineau Power Company. Most of the power used there is by the International Pulp and Paper, and some of it is used by the Fraser Company—20,000 horsepower goes to them.

Mr. McDONALD (*Pontiac*): What is the power development on the lower Saint John?

Hon. Mr. BOUCHER: There is some there, if a possible reserve and storage facilities could be established, they are mostly in Quebec and the state of Maine.

By Mr. Purdy:

Q. Going back to the agricultural situation, you said a moment ago that there was an abattoir at Moncton; what is the experience in regard to the production of cattle in the area surrounding Moncton, is that better than it is in the other parts of the province?—A. I think the production of beef cattle in that area has increased substantially in recent years. That abattoir there serves a very, very useful purpose; of course its business is not limited to beef cattle, it includes hogs, a lot of which come in there, and sheep, lambs and so on.

Q. It serves the live-stock industry?—A. Yes. It has been said to help very, very materially also the production of hogs, substantial strides—I mean according to our scale of things—having been made in hog production in New Brunswick largely through co-operative action.

By Mr. Hill:

Q. Since that abattoir was established several very fine herds of Shorthorns have been built up throughout that district, have they not?—A. Yes. There are some very fine grazing areas down around Albert county, particularly for the raising of cattle. And that brings up the question of the explanation of our marsh lands. I think that subject was brought before your committee by the Minister of Agriculture for Nova Scotia (Hon. Mr. McDonald) and for that reason we have not submitted any brief on it. I think the information is all in the hands of the Department of Agriculture here.

Q. And your marsh land problems are essentially similar to those of Nova Scotia?—A. Yes. I believe the federal Department of Agriculture are having surveys made there during recent months, and no doubt it is going on at the present time. That would give some encouragement.

By Mr. Castleden:

Q. Do you supply your own province from your own farms in regard to your general supplies; could you give us an estimate as to that?—A. There is considerable importation.

Q. About the same as in Nova Scotia, about 50 per cent?—A. I would not have the figures but it is quite substantial.

By Mr. Purdy:

Q. Coming back to lumber; can you give us any approximate figures in regard to the production of lumber over the last two or three years; how are you for this year—perhaps expressed in terms of sawn lumber?—A. Those are some of the figures which we lost on the way up and I haven't got them here. I do not know if Dr. Petrie has any figures available or not on our local production. We will have it at noon.

Q. I understood you to say that you thought your production was about at its maximum if you are not unduly to deplete your forest reserves?—A. I think this is the situation, that we cannot increase our cuttings; perhaps it should be reduced. We have I think as a war production effort permitted intense cutting and so on, to an extent which is not, from the point of view of forest husbandry, sound; and for that reason I feel that there must be a curtailment rather than an increase in cutting.

Q. Your cuts have increased during the war rather than decreased?—A. That was true during the first year or so. I am not sure what the situation will be in the coming year. I think last year it must have remained up fairly high, having in mind the revenue which we received as a province in the form of stumpage dues for cutting on crown lands. I know our revenues for this year are as high—and when I say this year I mean the fiscal year which ended on October 31—as they were the year before; but there was really no increase on stumpage dues. But the situation for the present long lumber cutting season is not as bright as we would like. That is due primarily to the difficulty of getting labour, and also to a very unfavourable season which we had in New Brunswick, it was very wet and backward, and operations did not get under way as they should have, and they are away behind where they normally would be at this time of the year.

Q. But your lumber industry in the province as a whole is fairly well mechanized, I understand; in the post-war period there would be no greater increase in the amount of machinery used thereby reducing the employment possibilities, do you think; it is pretty well mechanized at the present time?—A. You have in mind?

Q. I have in mind the use of tractors and trucks and so on instead of as in the good old days using horses—to-day one man can do the work of maybe forty?—A. I think it is pretty well mechanized. They have been moving forward very, very quickly in the use of tractors and trucks during recent years, particularly in the war period.

Q. What are your fire losses?—A. Our regular fire losses over the years have been very bad. We have had pretty bad fire seasons. We have had seasons when our forest fires were a real problem. During the summer of 1943 they have been nil. It has been a very, very wet season; but I do not recall any serious fires since 1935. We had several outbreaks that year. The improved situation is due in large measure to better forest protection services which we have developed. We have been spending some money on our forest services, so far as the development of the protective service is concerned.

Q. You find it pays, do you?—A. Unquestionably.

Q. Evidence was given before this committee by the premier of one of the provinces that over a ten-year period their losses by fire amounted to \$8,600,000 based on a figure that I could hardly make out; they based that figure on the volume of lumber as it would have been in stock piles at the mill after it had been manufactured; if you were going to figure out fire losses, would you figure it out on that basis?—A. Well, a number of elements would enter into such an estimate I suppose; you take the stumpage value of the lumber destroyed to start with, and then you would have to take the potential loss.

Q. Just as you say, additional would be the potential loss, the spoilage of the young growth. In this case the financial loss was given as the value

of the lumber as it would have been in the stacks at the mill after it had been sawn?—A. I would not care to criticize another person's approach to the problem. There are a number of elements included in there which might not form properly a part of such an estimate. May I say that we have been endeavouring for a number of years to get the Dominion to take a more active part in this matter of forest protection. We feel that the forest being a national asset we should receive federal assistance where in the past we have had nothing from the Dominion.

By Mr. Castleden:

Q. What is the total area of forest land in the province?—A. Eighty per cent.

Q. How many square miles would that be?—A. We have 28,000 square miles; 80 per cent of that would be 22,000 to 23,000 square miles.

Q. How do the people of your province benefit from these resources? I mean, it is apparent from your brief that the natural resources under peacetime conditions are not sufficient to maintain the people of your province with a decent standard of living and provide them with adequate social services, in the way of education and so forth. How do you deal with these 22,000 square miles of the province, these forest lands? —A. May I just interrupt there to say that these forest lands are in part privately-owned and in part they are crown lands. I wish I had the figures for you indicating the extent of our crown lands, but I have not at the moment. Taking a chance, I would say that about 12,000 square miles would be crown land; as a matter of fact, I may give you that figure without any hesitation.

Mr. HILL: And all these lands are not classified as timber land, much of it is farm wood lots.

Mr. CASTLEDEN: I understood that included the lots. I was thinking of the forest resources, that is what I was trying to get at.

The WITNESS: There are large private holdings of wild land in New Brunswick, of course. The New Brunswick Railway Company recently got very substantial grants for railway construction up to the Saint John river; and others likewise have obtained land by private grants in the past. I think over half of our forest area is held by the crown and that is operated under lease by private interests.

By Mr. Castleden:

Q. How do you lease that, what is the basis for the lease?—A. We rent it out on crown land licence, or lease. We have some licences running from ten to thirty year terms, and we have pulp and paper licences and so on which run for thirty or fifty years.

Q. What would the crown get out of that by way of revenue?—A. We get our annual fees which are called mileage and bonus. I think the amount is about \$13.20 a square mile, that is my recollection, around that anyway.

Q. Would that be the saw mills?—A. That pertains to all types of licences.

Q. Whether for pulp or paper, or whether a ten or thirty year lease, it is \$13 a square mile?—A. Yes. That is for flat production and so on, that is the justification for it; but it is in the form of a mileage, annual bonus and so on of around \$13 a square mile. Well then, the province also receives some of its dues on the lumber cut.

Q. And on all crown lands you receive stumpage dues of around \$3? —A. That of course varies according to the class of lumber being cut; on saw logs I think the present stumpage dues are \$3.50 a thousand, on pulpwood on a cordage basis—I am not sure of this figure, I think probably it is \$2 or \$3 a cord.

Q. Where do you measure that, at the mill?—A. It is scaled in the woods by government sealers; and, of course, telephone poles and telegraph poles and other types of lumber on a corresponding scale; the scale is made in the woods.

Q. And that brings an annual revenue to the government of the province of about how much?—A. Our territorial revenues for the year just closed were around a million and a half dollars. Included in that are some other small items like angling licences and game licences and so on. I would say just approximately that revenues from our crown lands are \$1,300,000 or \$1,400,000.

Q. What would you say the value of the product was off that crown land?—A. The figures that I have seen for the last year—1942—including the production of what we call the unscaled production from our forest reserves, \$56,000,000, somewhat higher than agriculture.

By Mr. Hill:

Q. There has been a proposal put forward that the P.F.R.A. should be made into a Canadian farm rehabilitation act, and that instead of applying only to the western provinces, it should apply to the whole of Canada, that it should apply in like manner to the maritime provinces, to Ontario and Quebec; if such a thing were done, would it be of any great assistance to your province and the maritimes generally? Would you make use of it?—A. We would do so. I think we would view it with favour.

By Mr. Sanderson:

Q. Yesterday in your brief you mentioned furniture factories, how many of them have you in the province?—A. I will ask Doctor Petrie, who has a pretty full knowledge of that field, to answer that question.

Doctor PETRIE: We have none operating exclusively as furniture factories. There is one organization which makes specialty furniture but only as a sideline.

Mr. SANDERSON: Do you send furniture lumber to the other provinces such as Ontario and Quebec?

Doctor PETRIE: To some extent. There is a very considerable resource of hardwood in our forest land which could be used for furniture, but it is not exported in large quantities because similar wood grows nearer to the furniture industries in the central Canadian areas.

By Mr. Castleden:

Q. Are your figures on the value of forest products based on the raw material at the mill; or is that finished lumber; or, is that pulpwood?—A. That would include all, as I understand it; the finished and the unfinished product. The unfinished product as such is used largely in our own province for building purposes and so on.

Q. For paper as well?—A. Yes.

Q. Do you export very much pulpwood in log form?—A. Substantial quantities; in the past substantial quantities of pulpwood have been exported. Of course, you realize that for the last year or so and particularly at the present time export is under a quota system, and has been substantially reduced; but, for the most part, our exports of pulpwood are limited to pulpwood on private lands. The provincial government for many years past has not favoured the export of pulpwood cut on crown land. As a matter of fact, pulpwood cut on crown land cannot be sent out of the province without an export permit which cannot readily be obtained but sometimes is granted; but apart from that substantial quantities are exported which are cut on private lands.

Q. Do you have any foreign markets?—A. Pardon me?

Q. Did you have any foreign markets?—A. On pulpwood.

Q. The European market for pulpwood was fairly good? And what about pit props?—A. Yes. We are developing a very profitable market for pit props. We did particularly during the first year of the war and then it was a question of getting shipping facilities. There are still large quantities of that cutting of pit props during that first year of the war still stacked in piles throughout New Brunswick, and some of it has been used up in the form of pulpwood.

Q. Was there some business in that?—A. Yes.

Q. Germany got some of it?—A. Yes, indeed. Heavy shipments of our long lumber are going to England even to-day. That is one thing that has been maintained, the shipment of long lumber to Great Britain.

Mr. HILL: In answer to the question asked by Mr. Purdy; I was told by a gentleman from New Brunswick only yesterday that he estimates that less than 70 per cent of the timber was being cut this year than was cut last year, due to lack of labour.

By Mr. McDonald (Pontiac):

Q. Do you anticipate a continuous market for pit props after the war; I presume you are shipping to England?—A. There is very little being shipped out. There is none being cut. Very, very heavy cuts—that is, in a relative sense—of pit props were made during the early stages of the war but none of that was shipped. There was a long period of time elapsed during which there were no shipments at all but at least some are being shipped at the present time. As I said, some of it has been sent to the pulp mills for conversion into pulp, although it was originally intended for use in England as pit props. I would not be too optimistic about the prospect of maintaining a pit prop industry in New Brunswick.

Q. You have no pulp mills in New Brunswick?—A. Oh, yes, we have. We are fairly well served by them, but there is a chance for expansion there. We have three mills in the northern part of the province.

Q. That is the International, is it not?—A. One of them is. Frazer's have one up at Edmundston, and one at Atholville; the International have a mill at Dalhousie; and the Frazers have a pulp and paper mill at Bathurst. There is a fifth one I overlooked at Saint John, and in connection with that is a small one at St. George. They are operated by the Port Royal Pulp & Paper Company.

By Mr. McKinnon:

Q. Is that paper for European export or for American export?—A. I would say that most, if not all, of the paper goes to the United States. Frasers may send some to England.

Mr. HILL: Fraser pulp goes right across into the state of Maine and is manufactured there.

By Mr. McKinnon:

Q. Did I understand you to say that prior to the war you were exporting pulpwood to Britain and Germany?—A. Yes. Germany was making purchases of pulpwood in New Brunswick during a few years before the war.

By Mr. Castleden:

Q. Up to August, 1939?—A. I think that is about the time.

By Mr. McKinnon:

Q. It seems rather strange how you could compete with the Swedish producers because they produce pulp and ship it as far as Milwaukee. They have a freight rate from there to Milwaukee of \$2.50 a ton. I know as far as pulp producers in our market are concerned that is the best freight rate they can

get. It is only a few hundred miles. It seems strange to me how you can produce and compete against the Swedish producers.

Mr. CASTLEDEN: They get cheap lumber from the farmers.

Mr. MCKINNON: This is pulpwood we are talking about.

Mr. CASTLEDEN: They get cheap pulpwood.

Mr. MCKINNON: It must have been.

Mr. CASTLEDEN: It was. Go down and ask some of them.

The WITNESS: They were able to buy it on an open market and at a better price than others were paying for it. They had no difficulty in getting a supply.

By Mr. Castleden:

Q. The farmer was not getting much for it on the woodlot?—A. No, and his stumpage was not netting him as much as it would in these days. To-day pulpwood stumpage is pretty high.

Q. Our system works well during war time.

The CHAIRMAN: Are there any further questions of Premier McNair and his colleagues?

Mr. QUELCH: In the brief read by Doctor MacKenzie there was a suggestion, if I remember rightly, that money should be made available for certain projects at a rate of 2 per cent interest. In view of the fact that the federal government is paying 3 per cent on its bonds I was wondering what suggestion you had in view as to how that money might be made available at 2 per cent?

Doctor MACKENZIE: I think the point that was intended to be made there was that reconstruction in New Brunswick on a permanent and continuing base will have to envisage a certain measure of local industrialization, production of local raw materials, and that it is not likely that can be done with private capital, or public capital for that matter, paying heavy rates of interest. They just will not be going in there and experimenting, because that is what it will amount to. In order to encourage them to do it, in order to get the money necessary to undertake these experiments, some encouragement will have to be given. One that is suggested is cheap money, cheap interest rates. That might have to be subsidized. I do not know.

Mr. QUELCH: You probably had in mind that the federal government during the war is able to obtain money from the Bank of Canada or chartered banks at a very low rate of interest, less than 1 per cent, and therefore that method should be made available to the provinces as well for the peace period. There was also a reference to the need for international stabilization of currencies. I think if I remember rightly it referred to the fact that during the depression the Canadian dollar was appreciated 20 per cent above sterling. I remember that in the brief prepared by Manitoba to be presented to the Rowell Commission it was pointed out that the practice of maintaining the Canadian dollar at 20 per cent above sterling whilst Australia maintained its currency 25 per cent below sterling actually cost western farmers around \$47,000,000 a year on a comparative basis. Therefore there was a good deal of criticism of that policy at that time. I think all producers of primary products would like to see the currencies of Canada and other countries stabilized at a fixed level. I was just wondering upon what basis you think that currency should be stabilized. Would you advocate, for instance, that it should be upon the purchasing power of the country's money within its own borders as compared with the purchasing power of another country within its own borders? For example, if the Canadian dollar will buy 100 units, we will say, whilst the American dollar within America only buys 90 units then the Canadian dollar should be worth 10 per cent more than the American dollar, although at the present time it is just the other way around. Our price level is lower than the American price level while the American dollar is 10 per cent

above the Canadian dollar. In reality, if there was any reality to it, the Canadian dollar would be worth more than the American dollar. Would you say that a fair basis would be the purchasing power of a country's money?

Doctor MACKENZIE: We were concerned primarily with pointing out how the economy of New Brunswick had suffered by reason of the facts you point out, by reason of the fact that in many cases our market is an export market, and the price we paid for the goods we bought was at an enhanced value or at an enhanced price because of protection. That kind of situation in terms of national economy, if you are interested in the welfare of the nation as a whole, will have to be taken into account. The problem of international stabilization and international currency is related to that, I grant you, but we did not go into that in any detail. We have our ideas about it but we did not think it was within our particular jurisdiction to bring it before you.

Mr. QUELCH: The only point I have is that there are several proposals, one by America, one by England and one by Canada, for the international stabilization of currency after the war. Generally speaking, I think public opinion will support that idea as long as they realize that is not going to introduce some artificial restriction on our production. Unfortunately all the proposals being submitted to-day are on the basis of gold and mean a return to the gold standard. At the start we in Canada were on a gold basis but in order to maintain production at the maximum level we had to go off the gold basis, and I think people should be very careful about supporting any proposal that would put us back on the gold basis when it was necessary to go off the gold basis in order to maintain our production at a maximum level at the start of the war. In advocating the stabilization of currency I think it should always be urged on the basis of the purchasing power of the country's money rather than on any artificial basis, such as gold.

The CHAIRMAN: Any further questions?

Mr. BLACK: Mr. Chairman, I am interested in and sympathetic with the presentation made by Premier McNair and Doctor MacKenzie. Their problems are, to a very great extent, comparable with those in the other maritime provinces. As far as agriculture is concerned, it is my observation that the income of the average mixed farm in the maritime provinces would have to be doubled before it could be made prosperous. It is a mere subsistence there now.

I should like to ask the Premier and Doctor MacKenzie if in their further brief or further representations they are making, that this committee of inquiry is making, whether they will submit specific proposals that they hope will bring the results to the province that we all want. That is definite industries or definite activities. It is one thing to expend capital moneys for capital improvements. That will be necessary, and it is desirable, but that is only temporary and very often leaves the locality where these expenditures are being made in a worse situation from the point of view of a permanent economy than before they were built.

I should like to know if they now have any definite proposals to make, or whether they will have any later, that will give permanent and prosperous enterprises to their province?

Doctor MACKENZIE: In answer to Mr. Black's question, we have two things in mind. One is the emergency situation which might be taken care of by public works and that kind of thing, which I fully agree with Mr. Black may lead a community altogether off when they are complete in the sense that they provide nothing permanent. In terms of the long term problem and our suggestions for meeting it we are, as we suggested to you yesterday, like Nova Scotia very much at the mercy of factors over which we have no control. We would hope that some of the things we suggest would provide continuing

employment and increasing wealth for the communities and the provinces but that will depend very largely on the policy that you people here in Ottawa resort to and the policies that are agreed upon internationally. We can, with the best will in the world, provide cold storage facilities, abattoir facilities, agricultural processing facilities, and the processing facilities for the products of the forests in a modern scientific way, but unless we can get markets for those and get prices that will justify the investment of capital in those industries and will justify the producers in producing then we are not going to get that long term solution to our problems at all. I was interested in some of the questions raised a moment ago and some of the answers made. I think we could raise adequate beef supplies for the maritimes if it would pay the farmer in the maritimes to raise them. I think we could provide all of the food we need in the maritimes if it paid producers to produce it, and the processors and cold storage equipment that would be necessary to keep these things over the slack periods.

I think we could get further wealth out of our forests although there is a good deal to be said for what the Premier pointed out about the danger of over-cutting. One of our problems at the moment as our foresters seem to see it is that they have not got enough information to answer that question intelligently, and they should have it, and it can only be done on the basis of the surveys we suggested yesterday. We are convinced that there are some things in the forests not now used that we should be able to use, and if we could use them it would make that industry more profitable and better. I think it is worth pointing out here, too, that the dominion government gets in taxation in either direct or indirect returns from the forest industries of Canada, including those of New Brunswick, very large revenues and spends to all intents and purposes nothing at all on it. My figures, as given to me by those who have some information, are that the dominion gets from \$100,000,000 to \$125,000,000 revenue from the forest products and spends under \$500,000. Quite frankly, that does not seem to be in balance. If the dominion profits to that extent from that national resource then it should be worth the dominion investing a little money in conservation, in protection, and in ways and means of further utilization of the product in the future. I do not know whether that is an answer to your question or not but that is, as I see it, the only answer at the moment. We are preparing detailed suggestions. I have had for instance, the advance proof of the draft on forestry and forest products, money that would be required, labour days, and the results envisaged. I do not want to put that into the record because I know our forest experts want to go back over it again. They had some meetings over the week-end attended by all forest engineers in the maritime provinces. There were some suggestions that came up, and in due course we will have them. We have suggestions, but we want to emphasize to you with the best will in the world that unless the government of Canada and the people of Canada think and act in terms of the national wealth as well as the local, then we are not going to get a solution to our problems in the fringes of Canada where we have very special and very difficult things to meet.

Mr. MCKINNON: Would you mind telling us how the dominion government both directly and indirectly acquires that revenue from the forests of the dominion?

Doctor MACKENZIE: One of the major items is income tax, taxes on the products, and all the rest of it.

Mr. McDONALD (*Pontiac*): Sales tax.

Doctor MACKENZIE: Sales tax, and so on.

The CHAIRMAN: Any further questions?

By Mr. Castleden:

Q. I would like a statement on this angling licence. There is revenue from fishing in the rivers of the province?—A. Yes.

Q. What mileage have you there of inland rivers that are suitable for fishing and what is your licence fee and what are the regulations governing that? Does it prohibit the people in New Brunswick from fishing in their own rivers? Do you lease out fishing rights along these rivers, and what is your revenue from it?—A. There are certain of our waters which can be fished without a licence. For instance, anyone, as I recall it, can fish in the Saint John river, above tidal water, at any rate, without a licence, but in our rural fishing streams, trout fishing, I will say, there are substantial stretches which are held under lease by individuals and organizations who have the exclusive right to fish. Take the Restigouche river, for instance; it is a very fine salmon river, compares well with anything in Canada. The Miramichi and the tributaries of the Saint John also are very good. There are substantial stretches there held by clubs with a membership largely from outside of the province. These leases are put up at intervals of five or ten years and are bid in under competition. That constitutes a substantial source of income.

Q. What are the rates on those?—A. It is fixed under competition, competitive bidding.

Q. What do they amount to at the present time? Is it a mile or a ten-mile stretch?—A. A stretch is put up, one, five, ten miles, under competitive bidding, as I said, and knocked down to the highest bidder. The system has the advantage that these people give very intensive protection to these stretches of water in which they have their interest.

Q. What is the average rate, a typical rate? Can you think of any of the rates?—A. There is no such thing as an average. The rates vary very materially having regard to the value of the water. The mileage is a question that is determined by the conditions that offer. In some cases it might be half a mile or a mile or two miles or five miles or ten miles. I do not know any stretches longer than ten miles.

Mr. HILL: There are stretches where the government furnishes camps.

The WITNESS: In addition to that there are a lot of government waters which exist on the Restigouche. The government does maintain a service, as I recall it, and carry out a sort of industry there. Anyone can go in there and fish provided there are facilities for him. They cannot meet the demands, of course, at all times. I think the rate on the Restigouche runs around \$25 a day; that is a source of revenue.

Mr. HILL: There are thousands of miles of good trout streams and there is public fishing in those.

Mr. CASTLEDEN: Trout streams?

Mr. HILL: In my county alone there are thousands of trout streams and you can fish anywhere you like.

Mr. CASTLEDEN: How about salmon?

Mr. HILL: Salmon are protected in certain seasons of the year. You can fish for salmon in any stream outside the protected season in my county.

Mr. CASTLEDEN: How about the farmers along the rivers, can they fish?

The WITNESS: Many of our pools are privately owned because they went with the original grant of lands. That pertains to the Miramichi and to other rivers. That would pertain only to those sections which have been settled and farms have been established. The law was, I think, the old common law, that if a person got a grant of land and there was a river running through it, it went to the middle of the river. As a result of that many of these pools and fishing waters went with the original grant. In many cases the pools have been sold

and as such have passed into private hands. Now, there was a change in government policy I think as long ago as fifty years ago and a new method was adopted and I know in the case of the Tobique in my own county that after about 1890 all grants made ran to a point a certain distance from the river bank and therefore the water did not pass with the grant and as a result of that these waters remained government property. You get my point, do you not? The grant would go to a point say one chain from the river bank and along the river one chain, instead of to the river, and of course the water front itself was retained by the Crown and the grantee got no interest at all in the water of the river and the fishing rights. That change was instituted about fifty years ago when they saw what substantial proprietary interests there were in the waters because of the fishing privileges that existed.

By Mr. Castleden:

Q. Can you give us any idea of the rate that might apply, what the government revenue would be in an area of good salmon fishing on the Miramichi, say? —A. I think the Restigouche is more important. I would not attempt to give you figures but Doctor Petrie may be able to do that. Competition is very keen at times and very fancy prices have been paid. When I say "fancy" I am speaking in terms of a relative sense.

Q. I should like to get some figures.

Doctor MACKENZIE: Some stretches of the river would go as high as \$40,000 and others down to \$300.

By Mr. Castleden:

Q. For how much of the river?

Doctor MACKENZIE: For a section, say, a mile. On the other hand I can go to Harts Pool on the Saint John river, or any other citizen in New Brunswick, and get excellent salmon fishing for nothing. Therefore it varies.

By Mr. Castleden:

Q. That would be an annual lease, \$40,000?

The WITNESS: No, a ten-year lease, is it not?

Mr. McDONALD: Annual payments.

The WITNESS: That is correct.

Mr. HILL: Most of the leased waters are in out-of-the-way sections, away from settlements. The salmon-fishing industry is sport fishing and is in a specialized field. The average citizen does not bother with it at all because of the equipment needed, and so on. Nearly every farmer who has had a pool adjoining his property has sold that pool rather than bother with it at all.

The CHAIRMAN: Are there any further questions or comments? If not, I want, Mr. Premier, on behalf of the Committee to express thanks first for your coming here, because Premier McNair, as well as Premier MacMillan of Nova Scotia, did not feel that he was in a proper position to come before us. But I explained to him I thought the Committee would be helped very materially in its studies and preparation of a report if we had even a recital of some of the fundamental problems, although he would not be in a position at the moment to supply them in detail or to give us proposals relating to a remedy of these problems. Therefore we are all very pleased that you and your colleagues were able to be with us, and on behalf of the Committee I express to you and through you to Doctor MacKenzie and the others who are with you our deep appreciation for your coming here.

Hon. Mr. MCNAIR: Mr. Chairman and gentlemen of the Committee, I, on behalf of our delegation also wish to express our appreciation. We realized that this was a particular opportunity perhaps to be helpful. We have a great many

problems in this country and the solution is going to be difficult. It must be brought about by co-operation and collaboration. I want to make clear that we did not come here in any mood of pessimism. The word was used, I know, but it was not intended as such. We are not at all without hope; but we wanted to impress upon you that in any language we used in our presentation we were showing that we have very serious problems in New Brunswick, as they have in other parts of Canada. We sought to present matters in a realistic way which we felt your Committee desired. I regret, as I said before, that we have not been in a position to submit concrete suggestions and proposals, but it would be unwise for us to attempt it at the stage our studies have reached in the province of New Brunswick. It might be that some of you would like, when you think matters over, to have something more specific on some point and if so we will be very glad to receive an intimation from the Chairman on it, and it might be—and I have in mind it will happen, when we return—we may in very brief form submit some concrete suggestions which can be read into the record or made available to the members of the Committee when you get down to the point where you have to draft a report, whether it is an interim or a final report.

I do want to repeat that to us this emergency program, which is I believe generally accepted as vital and necessary, is so interwoven with our general situation we cannot intimate to you, as I gather Nova Scotia did, what proportion if any we can bear because, as I said before, it is so closely interwoven with all our problems. I did attempt yesterday to point out to you how meagre has been our educational and social services. It is unnecessary for me to stress the importance and the necessity in all parts of Canada of having proper educational and social services. We have during the war been taking steps in these fields. On the first day of December we paid our first Mothers' Allowances cheque. The legislation was passed in 1930 but it was never implemented until the act was proclaimed a few weeks ago, and we are now paying Mothers' allowances. I felt that was too long delayed. At any rate we have now brought into operation a Mothers' Allowance scheme. You can see that is going to increase our financial problems very materially. In addition to that Old Age Pensions, as you know, are on the upward trend. As the result of action taken at Ottawa a few months ago the maximum has been increased from \$20 to \$25 a month and as a result the expenditures in that particular service are rising.

So far as education is concerned, having in mind the tremendous problems that are going to be on our doorstep as soon as the war is over we felt we should take some action, and in our last session of parliament rather progressive steps in the field of education were taken and they are going to add materially to our expenditures. So far as expenditures for public works are concerned, which, I suppose, would have to be carried on a capital basis it, of course, will affect very materially our budgetary position because if we incur a debt whether Dominion or provincial we cannot ignore, as I tried to suggest a moment ago, the relation that exists between our social service, the maintaining of a proper scale, and the new expenditures that may be taken, because if we incur this debt it has to be serviced. We cannot say what we can do until we know what is going to be the effect of capital expenditure on these vital social services which must be maintained. As you know, we are carrying on at the present time, under an agreement with Ottawa so far as income and corporation taxes are concerned. These revenues have been established for the duration of the war, only for the duration of the war, and when the terms of the agreement have expired we are either going to go back to our old system or we are going to work out some other plan whereby Dominion assistance will be forthcoming to us. As I intimated yesterday, the Rowell-Sirois Report suggested we should receive from the Federal authorities a very substantial amount of money in order to step up our social and educational services. Of course, that

report has not been implemented and could not be in any event, probably, during the war because of the necessities of war financing. But that whole question of how New Brunswick is going to be able to be put on a level with the rest of Canada and receive the amenities which Canadians in other parts of Canada are receiving has to be considered when the time comes. We cannot determine either for the province or its municipalities what steps can be taken so far as carrying on a post-war works program is concerned until we get the over-all picture. That is the point I want to make clear. I am not at all pessimistic over the whole. I think Confederation can be made to work but there has to be very substantial adjustment and as suggested by Doctor MacKenzie yesterday and reiterated this morning, and as I also attempted to suggest yesterday the remedy for many of our ills does rest with the Federal Government. That does not mean that we are saying to you here, these problems are yours, we are putting them on your doorstep. We realize a solution has to be found through government action and I can assure you that we endeavoured to show our desire to co-operate with you. We appreciate the great privilege that has been ours and we will be glad to continue our collaboration with you as time goes on.

The CHAIRMAN: Thank you, Mr. Premier. Gentlemen, so far as our public work is concerned we are finished for the moment. I should like to have a few minutes with you to discuss a formal motion about the staff and then to discuss the preparation of a report. Will you give me a few moments of your time.

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Special

SESSION 1943-44

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

RECONSTRUCTION AND RE-ESTABLISHMENT

FOURTH REPORT TO THE HOUSE

PRESENTED ON WEDNESDAY, JANUARY 26, 1944.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944



OTTAWA, January 26, 1944.

The Special Committee on Reconstruction and Re-establishment begs leave to present the following as a

FOURTH REPORT

In its last Interim Report presented to the House on June 23 last, your committee made the following recommendation, together with others of a definite, concrete nature:—

"Your Committee is strongly of opinion that every member of the Armed Forces and the Merchant Navy is entitled to be assured that Parliament and Government will be prepared to do what lies within their power to prevent any recurrence of mass unemployment in Canada."

Your Committee is of opinion that those who are in the Navy, the Army, the Air Force and the Merchant Navy have not yet been given this assurance and that many of our Armed Forces and merchant seamen—both in Canada and abroad—are fearful of the conditions that may confront them when they are returned to civilian life.

We once more strongly recommend that the Government give the members of the Navy, the Army, the Air Force and the Merchant Navy the assurance referred to in the above quotation.

In the same Interim Report we drew attention to the possibility of promoting a better-balanced national economy and of providing opportunities for industrial, mineral and agricultural development and employment through the proper utilization of our natural resources.

We recommend that a survey of these resources be made and an inventory taken of proposed development projects based upon them, so that the Canadian Parliament, the Canadian Government, and the various Provincial Governments may have complete information concerning the usefulness and the financing of each suggested project, and the development and employment that each project will provide.

In order that this work might be done properly and as quickly as possible, and so that a complete survey of housing requirements of our people—both rural and urban—should be ready by the ending of our concentrated efforts on war production, we recommend that the Government take whatever steps might be necessary—preferably the establishment of a body under ministerial responsibility—to provide for the carrying out of works such as those contemplated in our report.

We again urge this action upon the Government, so that there will be no question, and no fear in the minds of our people, of the nation's ability to maintain full employment immediately following the end, or the approaching end, of war, when industry will be under reorganization and men and women will be facing discharge from the Armed Forces and the Merchant Navy.

As a result of further study and of new evidence heard by us during the adjournment, your Committee has further definite recommendations to make, for the consideration of Parliament and of Government.

Your Committee feel that it is well within the power of Governments and Industry to maintain full employment for all Canadians during the period of transition from war to peace time activities.

We urge:

1. That in all works carried out in preparation for, and during this period, and financed in whole or in part, directly or indirectly, by the Federal Government, preference be given to members of the Armed Forces and the Merchant Navy, subject to possession of necessary qualifications.
2. That whenever possible such preference be extended so as to include industries from which materials and supplies are produced for use in such works.
3. That wherever possible, such preference be granted by the Employment Service of Canada.

Your Committee has given a great deal of thought to the economic situation of the Maritime Provinces.

We recommend that in co-operation with these Provincial Governments, the Federal Government undertake a survey or study of conditions, with the object of advising and helping in the taking of any steps that will bring about an improvement in the economic life of the people of those Provinces. This improvement can be brought about in part through a proper development of the fishing industry; through assistance to the farming community, by the application of the provisions of the Prairie Farm Rehabilitation Act, by the installation of rural electrification, and the extension of cold storage facilities; through proper forest conservation and extended utilization of forest products; through the introduction of additional secondary industry, where the operation of such industry is economically sound, by reason of proper markets and of primary production within the Maritime Provinces or in neighbouring lands, such as Newfoundland.

This inquiry should include the extent, if any, to which the Maritimes have suffered because of lack of proper distribution of secondary industry in Canada, and also the possibility of securing extended markets—both Canadian and international—for all Maritime production.

We are convinced that after the war—if pre-war conditions are permitted to prevail—the Nova Scotia coal industry will not be able to exist without assistance in the marketing of the output of the mines. The coal industry situation would, therefore, be an important part of the proposed survey.

After the war, transportation will play an even more important part than previously in economic development.

Therefore in dealing with conditions in the Maritime Provinces, we strongly urge that the Government give earnest consideration to certain proposed improvements in transportation facilities. These include:

- (a) Improvements designed to make communications between Prince Edward Island and the Mainland constant, reliable and adequate.
- (b) Improvements of transportation across the Straits of Canso by the construction of a causeway, or in such manner as may be judged most satisfactory, considering the amount of traffic and the conditions of ice, tides and current.
- (c) Re-grading, re-aligning and double tracking of the Canadian National Railway from Sydney to points in Nova Scotia and New Brunswick.

Your Committee has had a great deal of evidence and some discussion concerning transportation in Canada generally. There are some features of this problem upon which we are not yet ready to report, such as the disputes between the Railways and the Bus and Trucking companies, and the question

of freight rates, which is made vitally important by the distance both of many farming communities and of much of our secondary industry from domestic markets and from our seaboads. We are prepared, however, to make the following concrete recommendations:

1. That as soon as possible after the war, a first-class permanent, all-season highway be constructed right across Canada.
2. That at various points and in every Province this All-Canada Highway be connected by good roads with the United States highway system, and that for the purpose of promoting tourist traffic the All-Canada Highway and the United States Highway System be connected with all National and Provincial parks.
3. That the Alaska Highway be connected with the All-Canada Highway by good roads across the Prairie Provinces, and with the Pacific Coast by a good road across the mountains in north-central British Columbia.
4. That Northern Alberta and Northern British Columbia be connected by highway with the Fort Norman oil-field and the mineral areas of the Far North.
5. That when the war is over there should be a resumption of the Federal-Provincial arrangements which brought about construction of roads in mineral areas, and that the enabling legislation be extended so as to permit this co-operation to become effective in areas where the proper utilization of any of our natural resources would be advanced by road construction.
6. That the Peace River country of British Columbia and Alberta be given direct railway connection with the Pacific Coast at the earliest possible moment. This railway connection is essential to the proper economic development of British Columbia and Alberta; without it Canada as a nation will lose a great part of the value of the coming exploration and development of the northwest portion of Canada, opened up by military air routes and the Alaska Highway.

We recommend that an agricultural, industrial, mineral and transportation survey be made of the northwestern portion of Canada, to prepare properly for that country's development, which has been pushed forward by Canadian-United States activities in the war against Japan; and that this survey be made jointly by the Federal Government, the Provincial Governments concerned, and the two great railway companies.

We recommend further that a similar survey be made of all the northern portions of Canada, for the reason that the making of a true national economy demands the utilization of the resources of all our Northland.

Your Committee is particularly concerned with the position of agriculture in the post-war world. Many thousands of those in the Armed Forces and in war industry are from the farms; many wish to return to agricultural life. The Veterans' Land Act is a preparation of the way and a distinct encouragement. But very much must be done for agriculture itself if we are to make the land a proper place for war-weary veterans to spend the balance of their lives.

The question of markets—both domestic and international—demands immediate and constant study by the Government and by secondary industry. Increased production through chemical research and in other ways is extremely important; but market research is essential. The relationship of agriculture to secondary industry must be changed and improved. Industry must build

to a greater extent than before upon agricultural research; and must be prepared to advance potential production by providing extending markets. The possibility of establishing small industries in farming communities must receive proper study and consideration. All of this should be encouraged by positive governmental action.

At the moment, it is not possible to say much about international markets, but our domestic market is definitely in our own hands.

The Government should take whatever steps may be necessary to make sure that farmers are no longer forced to sell their products at an unfair and unreasonable price. This will require a study of the cost of equipment and other things which farmers must buy, and of the various factors that enter into such cost. We welcome the Prime Minister's statement that a floor will be put under prices of farm products, but we must point out that the establishment of an adequate floor will require both study and positive action by the Federal Government.

Some of our provinces are planning the installation of rural electrification as a means of improving the social and economic life of our farming population.

We recommend every possible co-operation with the provincial governments in this work.

Your Committee feel that agriculture should be provided with new credit facilities, either through extension of the Credit Union System or in some other suitable manner.

Your Committee has had some excellent evidence covering the co-operative movement, particularly with reference to Saskatchewan and Nova Scotia, and to the fishing industry in Quebec.

We recommend that every possible assistance be given to the Co-operative Movement, both to consumers and to producers, and that this assistance include help in the marketing of production.

The coal and petroleum situation in Canada demands positive study. We have large areas of coal of various grades and in almost every part of Canada except in the most densely populated provinces where secondary industry is most highly developed.

Canada at present is largely dependent upon foreign sources for its supply of petroleum. In addition to this it now appears that the North American Continent is running short of oil.

We therefore urge the Government to spare no effort in testing our vast coal resources for further economic uses and in proving the Athabaska tar sands in adequate manner particularly through the establishment of proper and sufficient Laboratory and Hydrogenation Plant facilities.

Your Committee has given some attention to Forest Preservation.

We recommend that serious thought be given to the preservation of forests on the eastern slope of the Rocky Mountains. The destruction of these mountain forest reserves in the Province of Alberta is causing a serious depletion of the water resources of the Prairie Provinces.

We recommend also that reforestation and aforestation be given serious study with the view to co-operation between various governments for the proper conservation of our forest resources.

The necessity of providing irrigation and the development of water power in Alberta, Saskatchewan and Manitoba has been brought to your Committee's attention.

We recommend that this question receive consideration with a view to bringing about active co-operation between the federal and provincial authorities.

We recommend that the Federal Government, in co-operation with the various Provincial Governments and with the Railway Companies, should take positive steps to eliminate level crossings at the earliest possible moment. Further delay in the carrying out of this work should not be tolerated. Immediate action is necessary in this regard for the conservation of human life and property, and for the protection of enginemen and trainmen from the nerve-wrecking responsibility of handling trains under constant hazard of an unnecessary nature.

Your Committee realizes that only a small part of its great task has yet been done. We feel, however, that good is coming from our open discussions of the post-war requirements of different portions of Canada.

Like the problems of the war itself, our post-war problems enter into every Canadian home. With this in mind we strongly recommend that the House of Commons re-establish its Committee on Reconstruction and Re-establishment during the coming session so that the Canadian people at home and the members of our Armed Forces and Merchant Seamen all over the world will know that their post-war problems are under direct consideration by their elected representatives.

A copy of the evidence is tabled herewith.

All of which is respectfully submitted.

J. G. TURGEON,
Chairman.

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